

# COMMERCE

SEPTEMBER 1957

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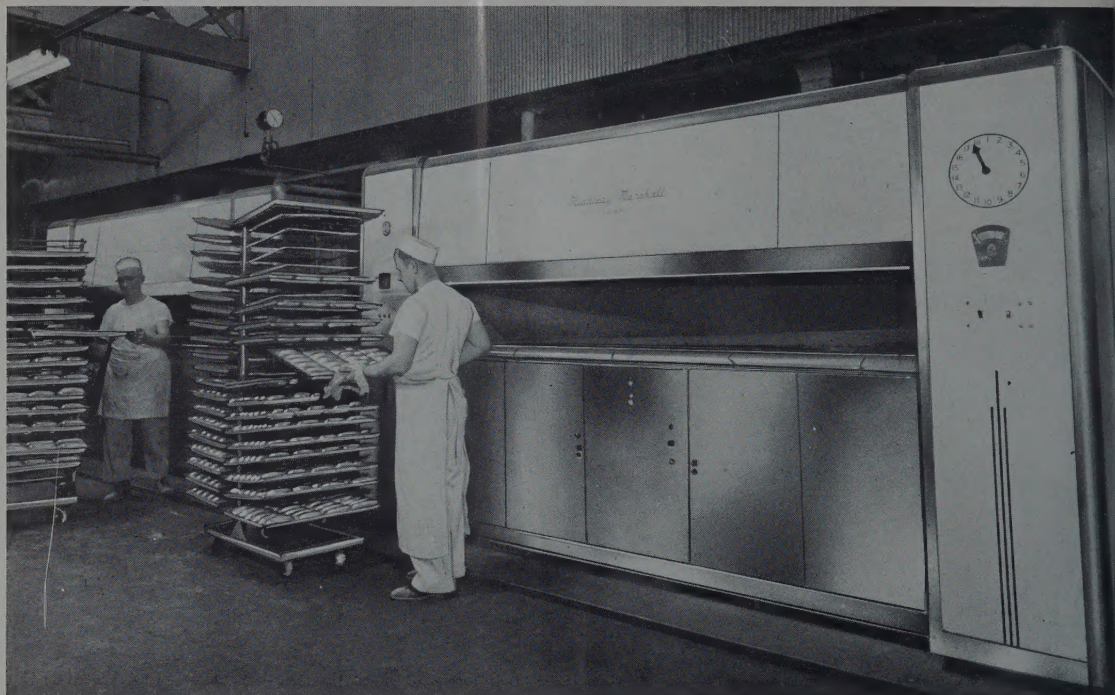
Selling Chicago Around the World — See Page 5

Some Economic Facts of Steel and Life

Do Ex-convicts Make Good Employees?



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Two of a battery of three conveyor type Gas ovens in the Boysen White Baking Company, 1001 West Chicago Avenue, Chicago. Constant, uniform heat in these Gas ovens assures a perfect product every time. Baker is shown removing beautifully done hot dog rolls.

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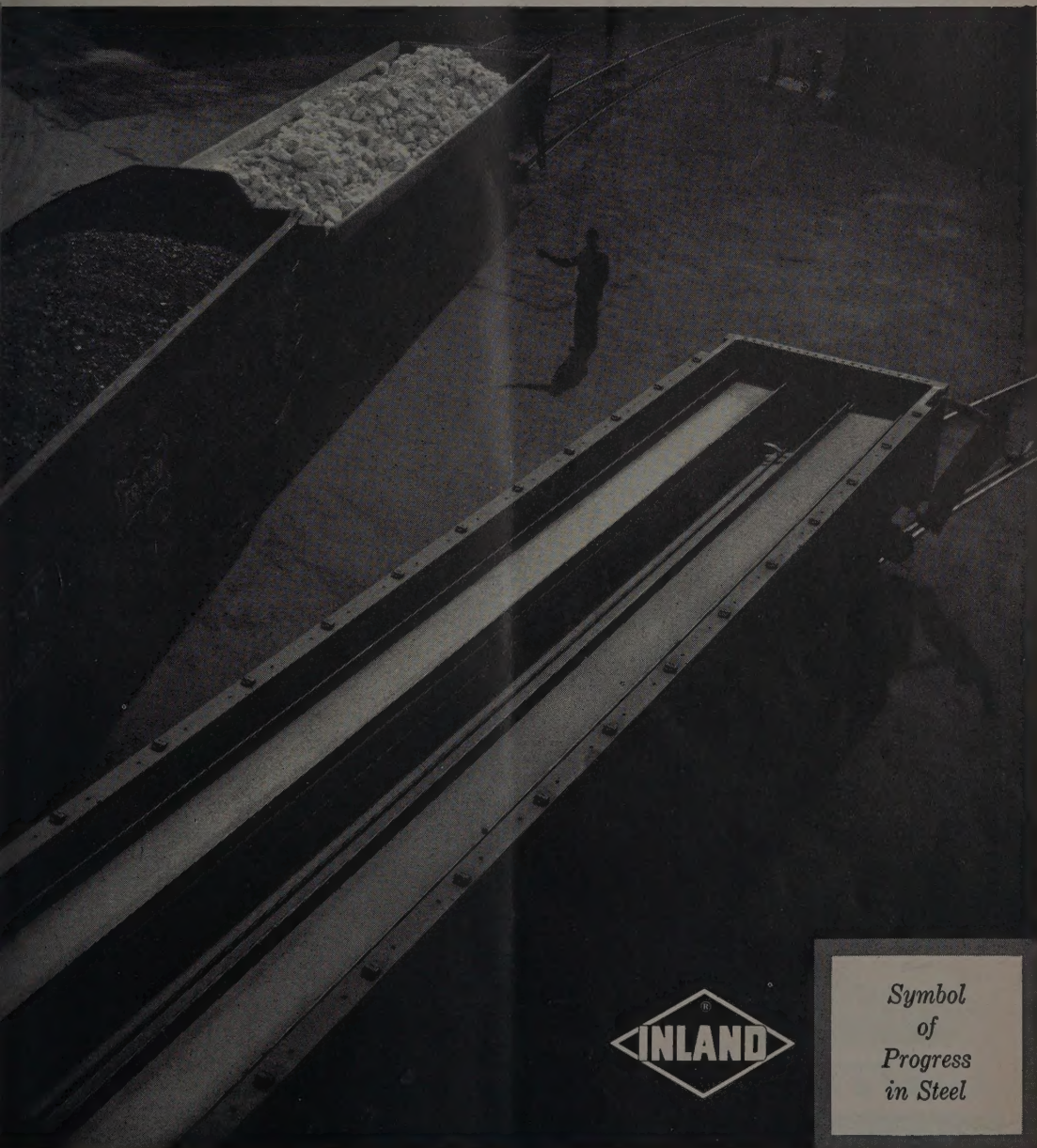
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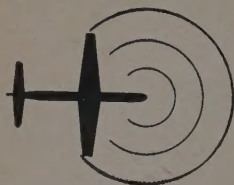


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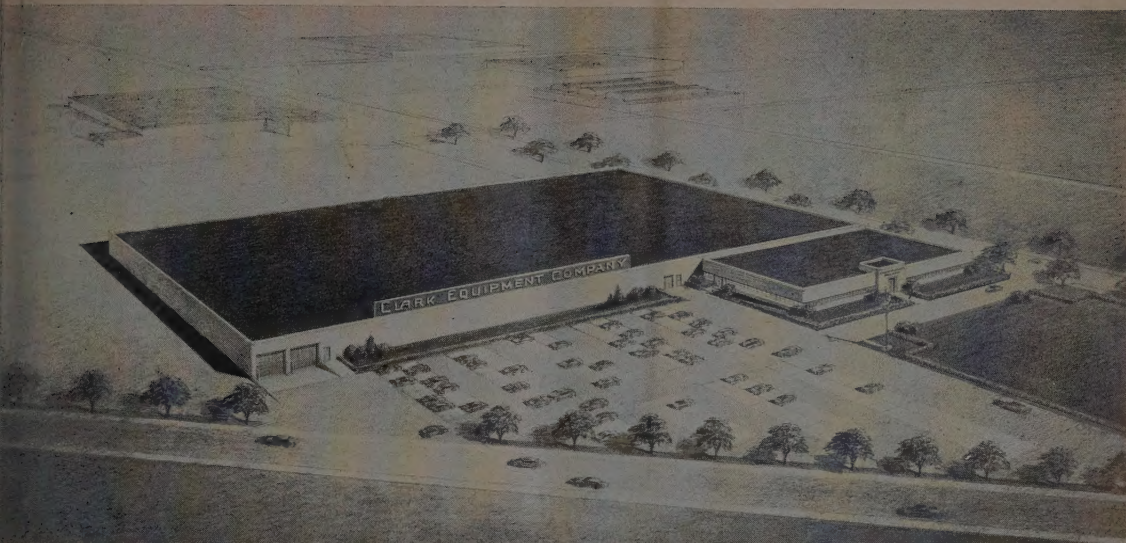
## statistics of...

# Chicago Business

	July, 1957	June, 1957	July, 1956
Building permits, Chicago.....	2,949	3,023	
Cost.....	\$ 31,232,586	\$ 30,603,014	\$ 29,145,000
Real estate transfers, Cook Co.....	7,539	6,555	
Consideration.....	\$ 7,679,809	\$ 5,199,102	\$ 4,856,759
Bank clearings, Chicago.....	\$ 5,163,975,500	\$ 4,856,759,266	\$ 5,111,111,111
Bank debits to individual accounts:			
7th Federal Reserve District.....	\$29,315,000,000	\$28,230,000,000	\$27,145,000,000
Chicago only.....	\$15,008,014,000	\$14,458,699,000	\$13,745,000,000
(Federal Reserve Board)			
Bank loans (outstanding) Chicago weekly reporting banks.....	\$ 4,233,000,000	\$ 4,231,000,000	\$ 3,821,000,000
Midwest Stock Exchange transactions:			
Number of shares traded.....	2,351,967	2,184,169	
Market value of shares traded.....	\$ 86,871,599	\$ 78,837,364	\$ 81,111,111
L.C.L. merchandise cars, Chicago area.....	14,180	13,143	
Industrial gas sales, therms, Chicago.....	13,053,234	14,258,340	
Steel production (net tons), metropolitan area.....	1,720,300	1,722,100	
Revenue passengers carried by Chicago Transit Authority lines:			
Surface division.....	36,585,510	40,330,717	38,111,111
Rapid transit division.....	8,830,083	9,129,572	
Air passengers, scheduled, Midway and O'Hare airports:			
Arrivals.....	459,359	501,983	
Departures.....	483,014	525,851	
Consumers' Price Index (1947-49=100), Chicago.....	124.1	122.9	
Unemployment compensation claimants, Cook & DuPage counties.....	38,366	42,461	
Families on relief rolls:			
Cook County.....	21,009	21,952	
Other Illinois counties.....	12,298	12,548	

## October, 1957, Tax Calendar

Date Due	Tax	Returnable
15	Illinois Retailers' Occupation Tax and MROT return and payment for month of September	Dept. of Revenue
15	If total Income and Social Security taxes (O.A.B.) withheld from employee plus employer's contribution in September exceed \$100, pay amount to or remittance may be made at end of month with quarterly return directly to	Authorized Department Director, District Dir. of Rev.
15	Third quarterly payment of Estates income tax	District Dir. of Rev.
31	Illinois Unemployment Compensation contribution and wage report, and final payment for third quarter of 1957 (UC-3 and UC-40)	Director, Dept. of Rev.
31	Quarterly return and payment (by depositary receipts or cash) of Income and Social Security (O.A.B.) taxes withheld by employers for third quarter of 1957 (Form 941), Domestic help (Form 942)	District Dir. of Rev.
31	Federal Excise Tax return and payment due for third quarter 1957	District Dir. of Rev.



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# COMMERCE

**Magazine**

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**September, 1957**

**Volume 54**

**Number 8**

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Published monthly by The Chicago Association of Commerce and Industry, with offices at James and North Cook Streets, Barrington, Ill., and 1 North LaSalle Street, Chicago 2, Ill. Subscription rates: domestic \$3.50 a year; three years \$7.50; foreign \$4.50 a year; single copies 35 cents. Reentered as second class matter June 2, 1948, at the Post Office at Barrington, Ill., under the act of March 3, 1879. Copyright 1957 by the Chicago Association of Commerce and Industry. Reprint permission on request. Executive and Editorial Offices: 1 North LaSalle St., Chicago, Telephone Franklin 2-7700. Neither Commerce nor The Chicago Association of Commerce and Industry sponsors or is committed to the views expressed by authors. Cover design copyrighted.

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**Our  
Cover**

Thomas H. Coulter, chief executive officer of the Chicago Association of Commerce and Industry, shows a TWA hostess one of the cities he will visit on his around-the-world trip. His global world tour is planned to promote Chicago's role as a world air and sea crossroads in the coming age of jet transportation and a world shipping center when the St. Lawrence developments are completed. He is also carrying with him engraved invitations to foreign governments to participate in the Chicagoland International Fair and Exposition in July of 1959.

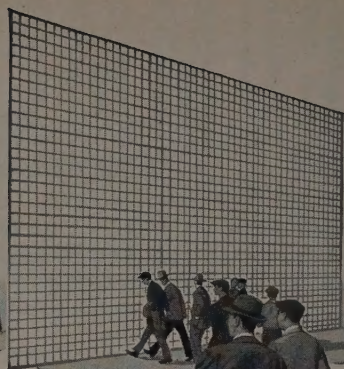
The trip will last 33 days with actual flying time of only 80 hours. Mr. Coulter will visit 19 cities in 14 countries telling the current story of growth and planning in the Chicago Metropolitan Area to chambers of commerce and other business and governmental groups.

The itinerary for the trip parallels a new, round-the-world route which will combine facilities of Northwest and Trans World Airlines. It will be inaugurated early in 1958. Mr. Coulter left Chicago's Midway Airport aboard TWA's direct Paris flight on August 21. He is scheduled to return to Chicago via a Northwest Orient flight on September 22.

Upon his return to Chicago, he will report on the trip to the nation's leaders in all phases of aviation when the city celebrates Jet Transportation Day on September 26. Among those in attendance for this jet observance will be James H. Douglas, Jr., Secretary of the Air Force; Donald W. Douglas, president, Douglas Aircraft Company, Inc.; William A. Patterson, president, United Air Lines; C. E. Woolman, president, Delta Air Lines, Inc.; and Lieutenant General William H. Turner, deputy chief of staff of operations, Air Transport and former commander-in-chief of the United States Air Force in Europe.

Principal cities included in Mr. Coulter's trip are: Paris; London; Brussels; Frankfurt; Zurich; Milan; Rome; Athens; Basra, Iraq; Dhahran, Saudi Arabia; Bombay; Colombo; Djakarta, Indonesia; Bangkok, Thailand; Manila; Hong Kong; Taipei, Formosa; Tokyo; and Anchorage.





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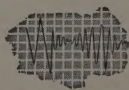
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# The Editor's Page

## Security, Lives and Billions

For some years we have been hearing about the very real and serious problem of the armed services losing highly trained personnel and having to face the costs of time and money of retraining replacements. At the government's request, a blue ribbon committee, headed by Ralph J. Cordiner, President of the General Electric Company, studied the problem and came up with a rounded series of recommendations to cure it. Somehow, the report seems to have gotten bogged down in an argument as to whether some members of the armed forces should have a pay raise. The issue is far deeper than this. In Mr. Cordiner's words, it is a question of "national survival in the nuclear age." The nation is investing billions in the development of weapons of fantastic complexity, speed and power. And the more billions Congress appropriates to develop even more advanced weapons, the greater the gap between the skills needed and the skills actually available in the military services.

Mr. Cordiner's committee outlined two major manpower problems of the armed forces:

1. "The first and most obvious problem is that the armed forces have an excessive turnover in their key personnel. While it is easy enough to retain cooks and truck drivers, in whom the taxpayers have invested relatively little training money, the electronics maintenance men and operators, the fire control specialists, the radar men and the missile men, the aircraft mechanics, the pilots and navigators—these men with the key skills of modern defense—are leaving the armed forces as fast as they can."

When these key men go, they not only take with them thousands of dollars worth of training acquired at the taxpayers' expense, but they leave the armed forces with the frustrating task of starting all over again with raw recruits.

2. "The second problem is that, under the present system of compensation, the armed forces offer very few incentives for outstanding performance and self-improvement."

The system, Mr. Cordiner says, "guarantees a man automatic increases in pay just for 'staying in the service and 'keeping his nose clean,' as they say, regardless of whether he does outstanding work or whether he does just enough to get by. There is no extra reward for doing work well. The easy jobs, requiring skills that are easy to acquire, offer no greater reward than the jobs that take months and years of training and hard work.

"Is it any wonder that the ambitious and energetic man is discouraged, and sometimes even laughed at by his less energetic associates, since his hard work brings in no greater reward than the fellow who makes it easy? In such a system, which encourages mediocrity, you are likely to get exactly what you pay for—mediocrity."

A related problem is that the armed forces now pay a man so little for earning a promotion that it is hardly worth the effort.

No progressive business would attempt to operate with such a sorry system. The fact that the armed services do so is enormously costly in both manpower and money. The services estimate that their manpower problem is costing approximately \$5 billion a year, unnecessarily swelling the federal budget to that extent and exerting that much inflationary pressure on the economy. There is also an unnecessary loss in life in training accidents—lives that would not have to be risked if the military forces could keep their highly skilled personnel and did not have to continuously train raw recruits.

Perhaps the greatest cost of all is that our national defense is in danger of deteriorating because technology is advancing faster than the teaching and skills of the armed forces.

Mr. Cordiner and his committee have made a tremendous contribution in their report. To implement it, legislation by Congress, which did not act on the report at its latest session, is necessary. Action on this all important committee's program should be placed high on the congressional agenda when it meets in January. At stake is our national security, the needless loss of lives of untrained military personnel and \$5 billion. Congress can hardly have more important business.

## "Throw Me From the Train"

The National Bureau of Standards has discovered that English sentences can be put together in an almost infinite number of basic ways. In an analysis of the structural forms of 550 sentences, the bureau found about the same number of new basic patterns in each batch of 50.

This information, of course, is old hat to people who laboriously make their living putting words together. It also couldn't be very startling to any group of seventh and eighth graders suffering painfully through their study of English grammar, its parts of speech and syntax, not to mention its established principle of having exceptions to every rule.

The Bureau of Standards, of course, had a reason for its research. It seems that computers, more popularly known as electronic brains, aren't smart enough to understand all English sentence structure. Many of us, who have been overawed by the giant capacities of these monsters, can find solace in this. Maybe the day will even come when seventh grade Johnny will say to his teacher, "If one of them things can't learn this, how can I?"

*Alan Sturdy*



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## Here...There... and Everywhere

• **Another Chicagoland First** — A contract for a half million dollar heat pump — the first of its kind in the Midwest and largest of its type in the nation — has been signed by Flick-Reedy Corporation, Melrose Park, Illinois, and York Corporation. The pump will heat a \$2.3 million plant being built for Flick-Reedy north of Bensenville, Illinois by squeezing heat out of a quarter million cubic feet of winter air per minute. Reversed in summer, the device will cool all office and factory areas of the 220,000 square foot plant.

• **Attention Contractors** — Northern Illinois Gas Company reports that during the past six months there have been more than 500 cases throughout its service area where gas pipes were pulled from the ground, broken, or otherwise damaged, thus creating a potential hazard. All of the incidents occurred during excavation work. Anyone planning any excavation work can find out the location of gas pipes in the area by phoning the local office of Northern Illinois Gas for information.

• **Busiest Session for Jurists** — The 1956-57 term of the U. S. Supreme Court was more active than any in the past ten years, according to Commerce Clearing House. The court's record shows that in all, 1,701 cases were disposed of, compared with 1,637 in the 1955-56 term and an annual average over the past ten years of 1,278 cases. The court refused to review more than 90 per cent of these appeals within its customary discretion to choose the cases to be decided on the merits. Petitions for certiorari, denied or dismissed, numbered 664.

• **Wells Get Deeper** — Average depth of oil and natural gas wells in this country has steadily increased

for more than 20 years. From an average of 2,600 feet in 1934, average depth of all new wells completed in 1956 had risen to 4,022 feet in offshore drilling. By 1961, the average of 5,200 feet is anticipated.

• **Steel Production** — Steel production statistics for the first half of 1957 indicated that total blast furnace activity had been strong during the period. Steelmaking furnaces produced more than 60 million tons of iron and steel for castings — the second highest total for any half year. The comparable part of last year had with output totaling 62.6 million tons, outranked the first half of 1957. The furnaces were open from January to June at an average of 91.5 per cent of their January 1957, capacity (133,459,150 net tons annually).

• **Small Town Girls** — A survey disclosed that nearly 40 per cent of United Air Lines stewardesses come from cities with 25,000 population or less. The cities contributing the largest number of skygirls are New York, Chicago, Los Angeles, and San Francisco in that order.

• **Stainless Steel in Autos** — This year's "typical automobile" contained 28.3 pounds of stainless steel decorative and functional trim, according to the American Iron and Steel Institute. There are 155 places where stainless steel is used on the typical auto. The major uses are on wheel mouldings (11.7 pounds), door mouldings (6.5 pounds) and floor covers (5.4 pounds). Other applications are made on headlamps, windshield wipers, clocks and ornaments.

• **Double in Five Years** — The number of gas-fired central heating units in use in American homes nearly doubled in five years, the

(Continued on page 31)

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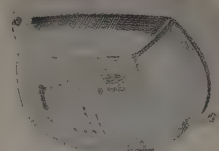
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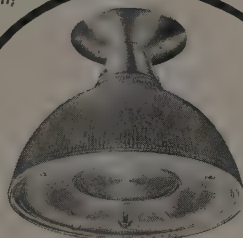
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## Trends ... in Finance and Business

• **Home Movie Market Booms** — Nearly six million American families are regular or occasional users of home movie equipment according to Bell & Howell spokesmen. They expect this number to double in the next five years.

Use of home movie cameras has been increasing at an average rate of about five to ten per cent annually but the rate of increase has been stepped up sharply in the past few years. More leisure time resulting from the shorter work week, more money to spend as a result of higher incomes, the rising birth rate, the strong trend toward increased family activities and improved equipment that makes home movie making easier and less expensive have all contributed to the amateur movie boom.

The 1954 U. S. Census of Manufacturers, most recent source of official and detailed figures, shows that in that year American manufacturers produced movie equipment valued at \$108,155,000. This compares with \$86,718,000 in 1947, when the last previous census of manufacturers was made.

The 1954 sales included 472,484 8mm and 16mm home movie cameras and 335,048 projectors. In 1947, 325,130 cameras and 298,391 projectors were sold. Industry sources estimate that more than 550,000 cameras were sold in 1955 and that 1956 sales were close to 650,000.

America's baby boom is providing the home movie industry with its biggest sales stimulant. Since 1946 the number of babies born in the U. S. has averaged more than  $3\frac{3}{4}$  million annually. In the last three years the number has been more than four million — a baby every eight seconds. This means that there

are between 35 and 40 million children under ten years of age in the country and children are the amateur movie maker's favorite subjects. Films of vacation trips and outings are next to pictures of the small child in popularity. In spite of the expansion in amateur picture taking and particularly in home movies, the photographic industry is still primarily a luxury industry. 37 per cent of the output of the industry is used by amateurs. Business and industry, education, professional motion picture studios, and the government take 63 per cent.

• **Profile of American Engineers** — Are all engineers alike? While engineers share many distinctive traits, there is a narrow, though important, range of temperamental differences to be found among engineers in different fields. Thus, engineers in research and sales are more enthusiastic and impatient than their colleagues working in product, design, or operations engineering. They are also somewhat "smoother" and at the same time less contented on the job.

As employees, engineers tend to work most comfortably with a minimum of supervision and have independent attitudes toward their work. Nevertheless, as a group, engineers have a positive attitude toward authority, both up and down the line. Because engineers have a high energy level, usually directed toward specific and attainable goals, they are able to stay with their work long periods of time and respond to pressure with increased exertion.

The engineer has above average mental ability but, this intelligence is usually restricted to a particular field or specialization. Responses

(Continued on page 41)



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# SAUNDERS and COMPANY









United Press Photo

Mr. Blough reading his statement to the Senate subcommittee.

# Some Economic Facts of Steel and Life

By **ROGER M. BLOUGH**

A timely review of business problems in an inflationary period; primarily a steel story, but applicable to any industry

I HAVE read with deep interest, and with understandable perplexity, the conflicting testimony of the distinguished economists who have appeared at these hearings. I have studied their differing definitions of the term "Administered prices"; I have sought to comprehend that still-born economic concept called the "zone of relative indifference"; I have struggled with the impossible paradox known as "monopolistic competition"; and

The author is chairman of the board, United States Steel Corporation. This article is a condensation of his opening statement before the subcommittee on antitrust and monopoly of the Senate committee on Judiciary.

Continuous annealing furnace and hot zone, Gary sheet and tin mill, United States Steel Corporation.

pursuing my research even farther into the semantic stratosphere of economic literature, I have encountered "atomistic heteropoly" and "differentiated polypoly."

Clearly this is no place for simple iron puddlers; so with your permission, I'll just try to keep it simple by avoiding the pitfalls of economic theory and by sticking to the practical economic facts of life which every businessman must face if he is to survive the rising tide of costs, meet his competition, and keep his plant intact in the absence of adequate depreciation allowances.

Now as I understand it, the main purpose of this investigation is to inquire into the warmed-over theory that "administered prices" in the so-called "concentrated industries"

are responsible for inflation. Freely translated, that means: "Is big business to blame for it all?"

The learned economists have discussed that theory thoroughly, and have successfully disposed of it; but because of the subterranean implications inherent in the question itself, I should like to be sure that we have the same understanding as to the precise meaning of this economic jargon.

For example, I confess that I have no idea just what an "administered price" is—and judging from the wide divergence of opinion among the witnesses who have testified here on that point, I am not alone. Perhaps it is merely the opposite of a "haphazard price." But whatever it is, I gather that the one who should



have some understanding of the meaning of the term is Dr. Gardiner C. Means who invented it.

Are administered prices monopolistic? Do they exist only in the absence of competition? In short, are they bad? To the contrary. According to Dr. Means, they lead "to greater efficiency and higher standards of living . . . they are an essential part of our modern economy . . . without them, big, efficient industry would find it almost impossible to operate."

### *Are They Bad?*

Are administered prices a phenomenon which is peculiar to big businesses and to "highly concentrated" industries? Not at all, explains Dr. Means. An administered price is merely an established price at which something is offered for sale. In other words, it is the price that we pay for virtually everything we buy, wherever we buy it—at the corner drugstore, the neighborhood newsstand, or in Macy's basement. Dr. Means says: "We could not have our big, efficient department stores and mail order houses if prices were not administered."

Then perhaps administered prices are something new—some modern development in our economy?

Wrong again. Dr. Means says: "Even in Adam Smith's day, administered prices were known." His main idea seems to be that administered prices are something which

should be studied further in order that their economic effects can be more fully understood. In no event does he regard them as something "that can or should be done away with."

So since Dr. Means's prices prevail generally throughout the business world, and since they are neither bad nor something new, perhaps we should just forget this confusing word "administered" and talk for a while about prices, period. And the question before us then is: Are prices in "concentrated industries" responsible for inflation?

What are "concentrated industries" and how "concentrated" do they have to be to qualify as potential villains in this cycle of inflation? Throughout the testimony before this committee, I note the almost universal presumption that steel is a classic example of a "highly concentrated" industry. And frankly, this puzzles me.

The Department of Commerce has prepared a list of 447 American industries as classified by the census bureau, and has shown what percentage of the sales in each of these industries was accounted for by the four largest producers.

Thumbing through that list, I find that 112 of these industries are more concentrated than "steelworks and rolling mills." In fact, one-quarter of all of the industries in America—as shown on this census bureau tabulation—are more highly concentrated than steel. So perhaps in

order to avoid confusion we'd forget this term "concentrated industries" for a moment and judge ourselves if industrial prices are responsible for inflation.

Rising prices do not cause inflation; they are the result of inflation. In this connection, all of the economists have emphasized the fact that wages and other costs are inextricably linked with prices; and professor Richard Ruggles of the University of Chicago, in the course of his testimony, has come forward with factual evidence that can hardly be ignored.

Addressing himself to the fact that administered prices have enabled producers to take advantage of wage increases by raising their own prices even more, he says: "For industrial producers as a whole, this fact of the argument is easily shown to be not true."

He then turns to official U. S. government figures to show that in 1951 wage costs have risen twice as much as prices for manufacturing in total; and that prices have also risen faster than productivity.

### *"Cost of Living" Index*

Coming next to the government's "cost of living" index, he shows that the rising price of the products of the commodities—that people buy—had relatively little effect upon the consumer's pocketbook in 1951; and that most of the increase in the cost of living index resulted from the rising price of services—or non-commodities. Thus, in 1951, he says, the price of commodities—as recorded in the index—has risen 21 per cent; while the price of services has gone up only 10 per cent.

The New York Times, on January 10 of this year, published a two-page story in which it analyzed changes in the cost of living index since 1952, and showed what had happened to the price of all the major items which are covered by that index. This story, written by Edwin L. Dale, Jr., the Times' economic correspondent, showed that the price of the things which are bought during this period has remained relatively stable; but that the price of services—or non-commodities—such as transportation, medical care, laundry, haircuts, and rent, has risen substantially. And to ill-



U. S. Steel has been experimenting with crude taconite rock in Minnesota since 1953. Above: loading it at the mine for shipment to concentrating plant



minor role that industrial prices played in this picture, the facts made this significant statement:

"Although it may seem surprising," in the Times, "the price of steel has practically doubled and the cost of living would hardly show it. Between 1951 and 1955, the price of steel rose 14 per cent; but the price of household appliances—washing machines and the like—actually declined by 13 per cent."

Perhaps the most conclusive evidence on this question is to be found in the records of U. S. Steel. Several years ago—on May 1, 1948—United States Steel tried to show what weight it could toward bringing down the inflation that was running riot.

### Victim of Inflation

In the previous year, 1947, the cost of living index had jumped 14.5 per cent above the level of the year before. That was the largest annual increase ever recorded since the First World War period; and this 14.5 percent rise in that one year was more than 3.5 times as great as the increase that has occurred in the past three years put together. We were deeply concerned about inflation for among the industrial nations of America, the steel industry has been one of the principal victims of inflation. It was a major problem for our company and we decided to do something about it if we could.

Fortunately, we had a unique opportunity to do so, for under the terms of our contract with the union for that year, our workers could seek a wage increase; but they could not insist on it to obtain it.

Instead of granting the union's demand for higher wages, we determined to reduce the price of our products by \$25 millions—or an average of about \$1.25 per ton. Reductions on individual products ranged from \$1 to \$5 per ton and were applied particularly to those steel products which we hoped would be most directly upon the cost of living—the kinds of steel, in short, that go into automobiles, household appliances, tin cans, roofing and siding for buildings and various wire products such as nails, wire netting and fencing.

At this time steel prices were actually lagging far behind other prices

generally. From 1940 to May of 1948, they had advanced only 40 per cent; while the price index of all commodities had gone up 2.5 times as much; food products, 3.5 times as much; and farm products more than four times as much as steel. But still, we cut our prices.

Here's what happened. Other unions demanded another big round of wage increases—and got them. Other companies had to raise prices to pay for them. Our costs kept soaring skyward. We might as well have tried to stop an express train with a peashooter. So three months later, we had to rescind our price action, increase the pay of our workers, and try to catch up with the parade that we had fallen so far behind.

This "noble experiment," however, was not a total loss for it taught us three important truths: First that no one company, no one industry, and no one union can alone stop the march of inflation. Second that neither the steel industry nor any other industry ever sets the wage pattern in America; for the postwar wage pattern has been a never-ending spiral in which each industry, in its turn, is called on to pay a little more than the preceding industry did, and the next industry must then pay a little more than that. And third, we learned from the stark statistical evidence, that a cut in steel prices produces no discernible effect upon the cost of living.

Our price reduction took effect on May 1, 1948. From January through

April of that year, the cost of living had risen only three-tenths of one percentage point; but no sooner had our price been lowered than the cost of living began to rise sharply. In the next three months it rose two whole percentage points.

Towards the end of this time we had to give up and raise wages and prices substantially. And what happened to the cost of living? It went up one-half of one percentage point in the following month and then began to drop steadily—not only throughout the balance of the year, but throughout all of the following year until it reached the lowest point it had seen in twenty-two months!

### Average Price of Steel

Today steel is selling for about 7¾ cents per pound. That is the average price that U. S. Steel is getting for all of the carbon and alloy steel that it ships. Yet to produce this steel it must use billions of dollars worth of equipment, the labor and skills of hundreds of thousands of men, and mountains of raw materials gathered from many parts of the world.

How much has the price of steel gone up since this broad cycle of inflation began back in 1940? What is the sum total of all of the price increases that have occurred in steel all of the past 17 years put together? Why about 4¾ cents per pound!

During this same period, other

(Continued on page 24)



U. S. Steel's Oliver Iron Mining Division Extaca Plant near Virginia, Minnesota, a part of the company's \$23 million experimental taconite program

# Exhibit and Display Industry Booms

Resurgence of trade shows gives boost to "three dimensional selling"

**A**LATTER-DAY revival of the world's oldest organized sales method is building a new business in Chicago. The modern resurgence of the commercial fair or trade show, which began with the salt barter of the Stone Age, has stimulated Chicago's youthful exhibit and display industry to a position of national leadership.

Twenty-five firms in the Chicago area concentrate on the design and construction of custom-made exhibits and displays, while scores of others supply materials, furnishings

and art work for the burgeoning exhibit business. The custom houses, alone, non-existent less than 30 years ago, report their gross has approximately doubled in the last five years and now approaches \$10 million.

Four factors point to equally promising future growth for what the designers term "three dimen-

sional selling": the trade show, especially marked since World War II; the fact that Chicago plans more such shows than any city in the world; the sales effectiveness of the Chicago designers, which is attracting national and international clientele; and the existence of a unique local show, the Museum of Science and Industry, where many of the most popular exhibits attest to Chicago exhibit builders' skill.

Business and industry are sponsoring today's renaissance of trade shows for the same reasons that impelled their ancient origins: The buyer wants what the seller has to offer, and is willing to travel to a mutually convenient market place to trade. There have developed, of course, certain modern variations on this theme. But a remarkable con-

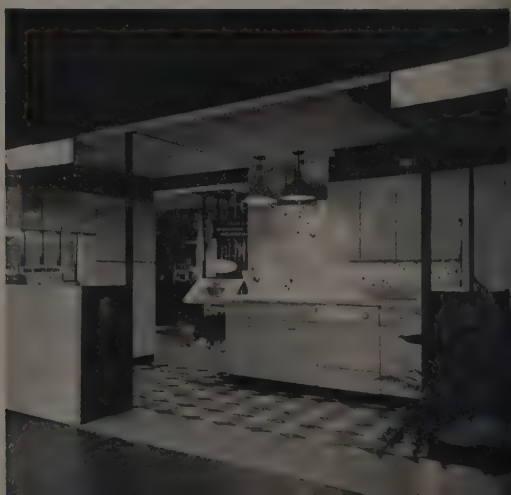


Left: Humorous cartoon-like dioramas emphasize that candy means fun. Crane Company, Inc. display

A pioneering example of an exhibit deliberately built to be "walked through" or "sat in" is Hospitality Terrace, constructed for Standard Brands, Inc.



Another "walk through" exhibit, built for Crane Company, shows visitors how its products appear in finished household settings.





# ChicagoLand



Champ, a 12 by 18-foot bovine, through which the visitor walks to the accompaniment of automatic sound, action, and the scent of new-mown hay. Champ's animated interior is half steer, half cow

ends the history of trade fairs through the centuries, now being documented by Edward P. Sutorius, proprietor of sales for Three Dimensional exhibit firm, in a forthcoming study of trade exhibiting to be titled, "Hi, Place and Show."

Sutorius has traced trade shows back to the Stone Age, when certain agrarian tribes settled near sources of salt. Nomadic tribes periodically brought hides and tools to the agrarian settlements and displayed their wares to obtain the salt in trade.

The commerce of the ancient Sumerians, including that with distant countries, was conducted in large part through trade fairs. And in a more pragmatic medieval world, the Hundred Years' War between France

*(Continued on page 34)*

single trade show provides the equivalent of hundreds of thousands of personal sales calls plus the advantage for many products of demonstrating a nonportable item or items.

"Joe Diesel," the 12-foot high mayor of Dieselsville, answers questions about Electro-Motive Division of General Motors for visitors. The mayor, besides talking, is also partly animated





U. S. Steel Company's "big scoop," a coal eating monster which empties a 900-ton coal barge in less than half an hour. Designed by Link-Belt Company, the continuous barge unloader consists of three lines of bathtub-size buckets (141 buckets in all) which scoop out the coal as the barge passes underneath



Charles H. Percy, president of Bell & Howell Company, uses the beam from a flashlight to demonstrate the operation of the automatic exposure control built into the firm's new 8mm electric eye movie camera. Light entering the camera's photoelectric cell automatically starts a flow of electric current that opens or closes the aperture as required by the available light. This camera is the first of its kind



A. V. Jefferson (left), hardware division buying manager for Montgomery Ward and Company; and Lester O. Naylor, vice president and general merchandise manager (right), inspecting Ward's new line of stationary power tools

Signaling the helicopter to turn the first earth for the Tri-City Plaza Shopping Center are (left to right) Willard W. Cole, president of Henry C. Lytton and Company; C. W. Bader, president of Tri-City Plaza, Gary, Indiana; and Gary's mayor, Peter Mandich





# Highlights



Left to right: Carl Sandburg, the poet; and Edward C. Logelin, chairman of the Chicago Dynamic Committee and vice president—Chicago, U. S. Steel Corporation; look on as Mayor Richard J. Daley signs a document proclaiming October 27 through November 2, Chicago Dynamic Week. It will dramatize Chicago's architectural heritage and the city's present building vitality



The Steel Company officials (left to right): Guy T. Avery, president; Frederick M. Gillies, chairman of the board; Harry R. Sanow, vice president; and Edin R. Richards, superintendent of the steel-making division, taking part in ground breaking ceremonies of firm's new Riverdale plant



Right: a battery of men and women manning the newly installed mechanical belt conveyor to speed cars at Bache & Company's new Chicago headquarters, 140 S. Dearborn Street. The new facilities include electronic quotation boards and trans-screens flashing the latest market prices



Largest aluminum tee ever forged, this 24-inch by 18-inch barrel-type unit is one of several hundred aluminum welding fittings made by Tube Turns division of National Cylinder Gas Company for the new AEC modified "swimming pool" research reactor

# Big Labor Out To Organize Small Business Firms

By MITCHELL GORDON

SOME time toward the end of next February or shortly thereafter, Hardy Rickbeil, a small retailer out in Worthington, Minnesota, is going to be engaged in the fight of his life.

Mr. Rickbeil owns two stores that sell hardware, furniture, and home appliances just a few doors apart from one another on Worthington's Tenth Street, the town's main thoroughfare. Between them, the two establishments employ a total of some 26 persons.

Mr. Rickbeil's foe is somewhat more formidable an organization. It's known as the Retail Clerks International Association. It boasts a membership of approximately 300,000 — better than 30 times the population of Worthington itself — and it is also a part of the merged labor movement, the A.F.L.-C.I.O.

Officials of the local Retail Clerks International think Rickbeil's employees should become members of their union and that Rickbeil's should be compelled to negotiate a labor contract with the union. Last February, for the first time, the union tried to organize Rickbeil's workers but lost the representation election by four votes, 15 to 11.

## Confident of Victory

The union vowed to take up the challenge again just as soon as the law permitted, which is 12 months from the time of the previous election. Local labor leaders, who've been campaigning strenuously since the defeat, say they're confident of victory this time.

Mr. Rickbeil is only one of a great many small businessmen who

are having to grapple with big labor these days. And the number of such entrepreneurs is likely to increase still further in the years ahead as union organizers put more and more small business firms into their organizing sights.

"We had to take first things first," explains Martin Gerber, Director of Region 9 (New York, New Jersey and eastern Pennsylvania) of the United Automobile, Aircraft and Implements Workers of America. "The company with 400 employees," says he, "was naturally of greater concern to us from the organizational standpoint than the 20-man shop. But now that we have most of the big ones organized, we can start concentrating on smaller firms."

## Dig Deeper For Members

The small businessman has not, of course, been entirely ignored by union organizers in the past. A number of unions, particularly those in industries made up almost completely of small or medium-sized firms, such as the Amalgamated Clothing Workers of America, have gone after little firms almost since they were founded. But even these unions, labor leaders report, are having to dig deeper and deeper into the barrel to maintain levels of recruitment.

Edward Bjork, vice president of the New York District Council of the United Brotherhood of Carpenters & Joiners of America, another union which considers itself in this class, states: "About 75 per cent of the companies we've organized in the past year were small firms, simply because there are more of them

left to organize." Five years ago, says, the small firm — that is, the one with less than 500 workers or under \$1 million in annual sales volume — constituted less than 50 per cent of the total number of companies. Now, the union attempted to organize.

Rare indeed these days is a union that disclaims interest in organizing even the tiniest of business units. Al Meyers, Secretary of District 37 of the Bakery & Confectionery Workers Union of Los Angeles, voices a sentiment that is typical among labor folk at the present time when he proclaims: "We're going to pick up the 'papa and mama' small firms now that we've either signed up the big ones or become used to the idea that the remaining large companies still to be organized are going to have to become the subject of long sieges." The union scored a major victory earlier this year when it finally got one big holdout together on the dotted line — Van de Kaap Holland Dutch Bakers Inc.

## Shift to Small Firms

James Suffridge, President of the Retail Clerks International, headquartered in Washington, D. C., says his union is "very definitely shifting its organizational efforts to smaller communities, like Worthington. Mr. Suffridge denies, however, that his union is conducting an organizational drive against small business as such. But he does deny the effects of a drive against business firms in small communities is mainly a drive against small business since the small community is, most by definition, seldom a major industry. In Worthington, for example, Rickbeil's, small as it is, is one of the largest employers in town. The union itself had no established organization there until last winter, when it installed Harvey Benson, formerly a sales clerk for Montgomery Ward's there, as full-time organizer.

So what if labor is going more and more after the small firm? If small firms are organized, why should small ones, too, be organized? Is a little firm at any more of a disadvantage in this respect than its large competitor? Labor experts typically all agree: the small firm has very much of a disadvantage, by the rule, in having to deal with

(Continued on page 38)



by JAMES MONTAGNES



The United States civil air service buys small feeder line passenger aircraft from Canada similar to De Havilland 14-place Otter above

# Growing U.S. Trade Deficit Worries

## Canadians



The Royal Canadian Navy uses helicopters purchased in the U. S. Above: the Piasecki HUP

CANADIANS are worried that they are buying too much merchandise in the United States. They are not selling enough things south of their border to pay for their imports. Canadians are beginning to wonder if they should not buy more from other countries which are buying more Canadian raw materials and manufactured goods.

Canada's new Prime Minister John Diefenbaker, on returning home from the Commonwealth

Prime Ministers' Conference at London early in July, intimated that his government may begin to divert some purchases to Commonwealth countries. He said at a press conference that his government planned to divert 15 per cent of Canada's purchases from the United States to Great Britain.

Trade between Canada and the United States has been growing by leaps and bounds in postwar years. The world's two best customers have been trading at an ever increasing

pace. But each year Canada's imports from the United States have been growing larger than her sales to the United States. Canadians are wondering if they have not placed most of their eggs in one basket.

In the first five months of 1957 the United States bought from Canada goods worth \$1,156,300,000, as compared with \$1,140,000,000 in the January-May period of 1956. During the same time Canadians bought from the United States merchandise worth \$1,825,400,000 as compared with \$1,759,400,000 the previous year.

These sales and purchases were by far the larger part of Canada's total trading with the world in that period. In the January-May 1957 period Canadians sold to all the world goods worth \$1,936,400,000 (\$1,874,900,000 in the 1956 period), and bought from all the world merchandise worth \$2,456,900,000 (\$2,354,



Streamlined railway cars like these have been among Canada's more recent purchases from the United States

600,000 in the 1956 period). This dramatically demonstrates how much of Canada's trade is with the United States.

For the entire year 1956 the figures are similar in relation. Of total exports to all countries in the year of \$4,862,900,000, the United States received \$2,899,100,000. Of all Canadian imports from everywhere totalling \$5,711,700,000, the United States share was \$4,169,200,000.

### ***Deficit Only In U. S.***

Last year Canada had a deficit in trade only with the United States. To Great Britain, other countries of the Commonwealth, and all other foreign countries, Canada shipped more in total than she bought from these lands. This same ratio has existed for some years, with the exception of Latin America from which countries Canada in total imports more than she exports.

If the new Canadian government is successful in cutting down on imports from the United States by about 15 per cent, and diverting this trade to Great Britain and other countries, it will mean a drop of

about \$600,000,000 in U. S. exports to Canada and will cut Canada's trade deficit almost in half, based on 1956 figures. The Canadian business community, however, is skeptical whether this can be done since Canadian consumers prefer to buy mass-produced North American designed merchandise. Canadian businessmen also point out the reluctance of British firms especially, to change their ways to meet Canadian merchandise standards. Canadian business sees a much better chance for cutting the trade deficit with the United States by increasing their exports to the United States.

Canada's exports to the United States in recent years have been mainly raw materials, manufactured products, and some agricultural produce. Last year crude petroleum showed the greatest gain. Most of it went by pipelines to northwestern and mid-northern states, and for the first time by tanker from Vancouver to California during the Suez crisis.

Forest products last year remained the largest major group of commodities exported to the United States, increasing slightly over the amount sent the previous year. Because of a

drop in the amount of planks and boards, exports of forest products last year were not as high as expected. Shipments of shingles and plywood also dropped in 1956, exports of newsprint, wood pulp and pulpwood increased considerably according to reports of the Canadian government's Department of Trade and Commerce.

### ***Export Gains***

Shipments of iron ore, non-ferrous machinery and ferro-alloys also went up last year. Copper had the greatest gain in the non-ferrous metals, which made up the second most important group of Canadian exports. There were also substantial increases in aluminum, zinc, platinum and electrical apparatus and miscellaneous non-ferrous ores, while exports of nickel, lead and silver declined. Uranium, now listed under the non-ferrous metal group, showed a third gain in export amount last year. New mines coming into production account for this increase.

Canadian exports of aircraft to the United States went up sharply.

*(Continued on page 46)*



# Do Ex-convicts Make Good Employes?

By **PHIL HIRSCH**

**P**ERSONNEL officials of a large Chicago firm were rather shocked one day early in World War II to learn that they had 500 ex-convicts on the payroll. The discovery was particularly surprising because, for years, the firm had had a policy against even considering a job applicant with a record. The ex-convicts had circumvented this obstacle, apparently, by falsifying their employment applications. Since the plant seemed to be running smoothly despite the presence of ostensible "criminals" on the production line and in the office, officials began wondering whether their hiring ban was necessary. They decided to find out by checking the work records of the men involved.

## *Firm Has No Choice*

Actually, there wasn't much else to do. The company had just received a big defense contract and needed every able-bodied hand it could get. In fact, it was this contract that had upset the equanimity of the personnel department in the first place. Uncle Sam wanted every worker in the plant fingerprinted. The prison records had come to light in the process of checking out these applicants.

Six months later, the job study was completed. The company found that almost without exception, the 500 ex-convicts were good workers—no better and no worse, on the average, than those employees who had no prison record.

In the 15-odd years since then, a number of additional workers with prison records have been hired. Significantly, the company has had no cause for regret.

Today, the firm willing to employ an ex-convict is a rarity. The attitude is particularly unfortunate, say prison rehabilitation experts, because the businessman—more than

most other individuals—gains little and loses a great deal by not giving the ex-convict a second chance.

Primarily he loses a golden opportunity to cut his tax bill. Last year, the price of maintaining the 24,000 convicts incarcerated by the federal government in penal institutions throughout the nation came to more than \$33 million. Illinois taxpayers, besides footing their share of this bill, also had to lay out a substantial sum for the care of more than 8,000 lawbreakers imprisoned in state institutions. In 1955, latest year for which figures are available, costs of operating the five largest Illinois prisons (Joliet-Stateville, Menard, Pontiac, Vandalia, and Dwight) came to approximately \$8 million.

The load is increasing, too. Partly this is due to the inflationary spiral, partly to a steady rise in prison population. In the 1943-45 biennium, Illinois spent approximately \$8.3 million to operate the five prisons. In 1951-53, the bill came to \$15 million, while for 1953-55, it was more than \$16 million. In the years 1951 to 1955, average costs of maintaining one prisoner at Joliet-Stateville rose some 17 per cent—from \$758 to \$887 annually. Even bigger increases occurred at some of the other institutions.

## *Federal Story Similar*

The federal bureau of prisons has a similar story. In 1946 its total budget came to \$24 million. Last year it was \$33 million, an increase of 37 per cent in the ten years.

Thus, the taxpayer is faced with the unpalatable but necessary task of spending a steadily mounting pile of cash to maintain a steadily growing prison population. In a sense, his outlay represents money poured down a rathole. For a substantial percentage of the lawbreakers who

fill the state and federal jails are repeaters. A recent study by the bureau of prisons found that, of 10,161 felons admitted to federal jails during the year ending June 30, 1956, two-thirds had been behind bars before.

On the other hand, thousands of felons, given help, have managed to straighten themselves out, and have stayed that way permanently. The help takes many forms, but almost always it involves a job.

## *Important Corollary*

There is an important corollary to this statement, say penologists: the willingness or unwillingness of the business community to provide the ex-convict with a job has an important bearing on the number of repeaters who must be put behind bars again, and hence on the costs to the taxpayer of maintaining our prisons.

As James W. Curran, a Maryland penologist, put it at a recent meeting of the American Correctional Association: "Bars and chains may keep a prisoner in place, but unless something else is done, these restraints will cause harm to him as a person. . . . Since we know that 95 out of every 100 prisoners eventually will return to society as free men, it matters very much how they return. This is the reason why rehabilitation is so vitally important to the prisoner—and to society."

From where the company president sits, of course, the decision to hire an ex-convict cannot be based solely on civic spirit or a desire to reduce taxes. Potentially, at least, every former criminal put on the payroll represents a threat to the property and security of the company and its other employees.

How much of an actual threat, though? One answer comes from the

(Continued on page 30)

## Economic Facts of Steel and Life

(Continued from page 15)

basic necessities of life have also risen in price. Bread, for example, has gone up 11 cents per pound; butter 39 cents, and round steak 59 cents; and all of us recognize that this is the inevitable effect of inflation. But when the price of steel moves up, just three-tenths of one cent per pound—as it did on the first of July—it is declared to be a matter of grave national concern.

The truth is, of course, that during these 17 years, the value of the dollar has shrunk to slightly less than 50 cents. That means that each penny spent for steel today is really

one half a penny. So the price of steel has really gone up very little in terms of an unshrunk dollar. It is mainly that the value of money has gone down.

And then there is the matter of quality—the change in the intrinsic value and usefulness of that pound of steel—which is so often overlooked in these discussions of steel prices. To compare the price of 1957 steel with that of 1940 is a good deal like trying to compare the price of a 1940 radio set with a 1957 color television. In many cases the kind of steel sold today could not have

been purchased at any price in 1940 because it simply didn't exist. And while the price of these new steels, such as high-strength and alloy steels, is necessarily higher than that of the older-type carbon steels, it may actually represent a lower cost to the purchaser.

A case in point is the new bridge that is being built across the San Geronimo Straits in California. Instead of using the old-fashioned steels, the engineers of the State of California are using our new, high-strength "T-1" steel for many of the principal members of this bridge. And by using this higher-priced steel, they estimate that they will save \$800,000 on the over-all cost of the structure.

So statisticians who ignore this important factor of value will conclude that the average price of a pound of steel we sell has gone up. But in the light of the new type and usefulness of these higher-priced products, has it really? Or perhaps the price of steel gone down is an actual matter of value per pound.

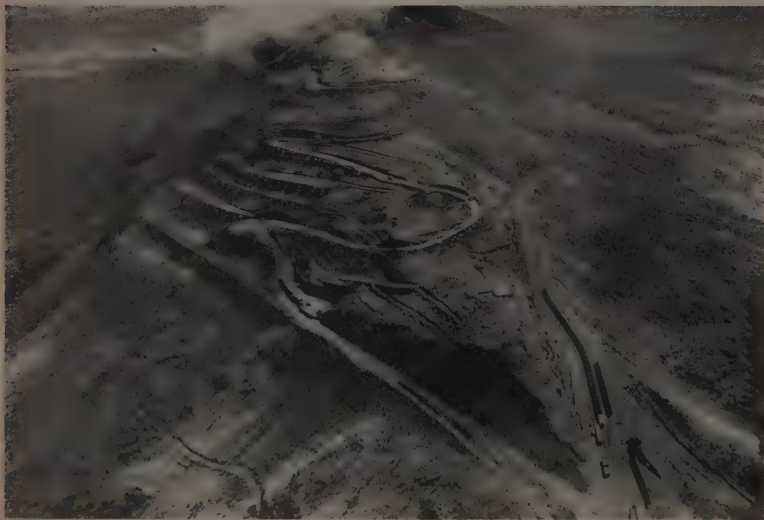
### Monopoly Power

One of the most persistent and unfounded assumptions is that a corporation, like United States Steel, has no real competition; that it enjoys "monopoly power" or "concentration of power" which enables it to boost its prices to what have been described as "unendurable levels"; and that in this way it reaps fabulous profits, the public interest to the contrary notwithstanding.

When United States Steel was created, 56 years ago, it was the biggest corporation America had ever seen up to that time. It produced twice as much steel as all of its competitors put together.

Now self-preservation, of course, is one of the most basic of all instincts; so if United States Steel does possess, in those days, the "monopoly power" frequently attributed to it, then presumably it would have expanded its production at the expense of its competitors; or certainly—the very least—it would have held its own ground against them. In which event, we would expect to find that United States Steel today still produces no less than 66 per cent of the total domestic output, as it did back in 1902.

However, it does not. Today it produces less than 30 per cent of the steel that is made in America.

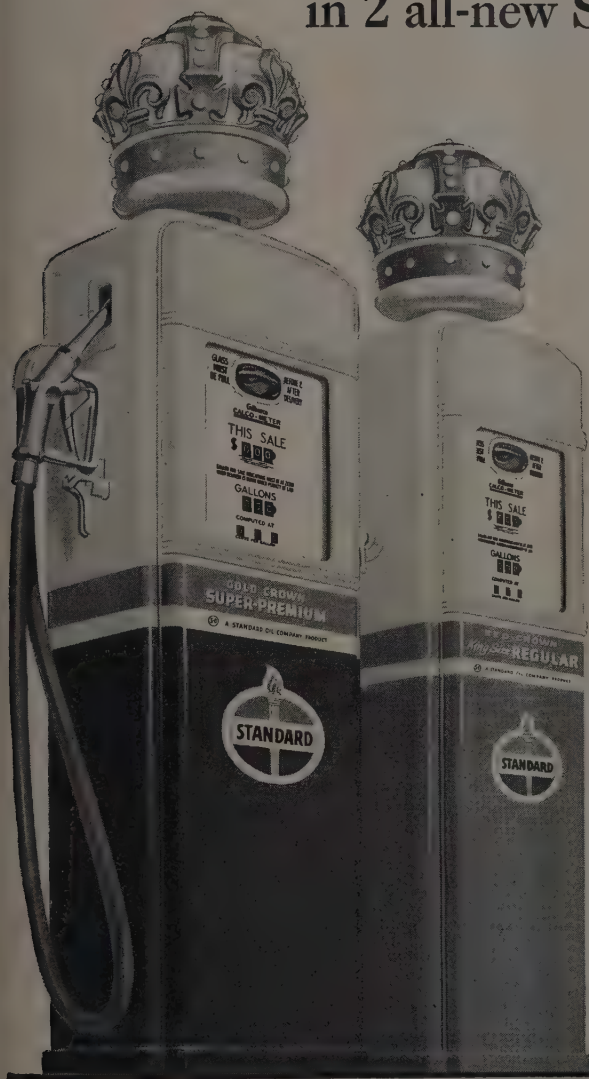


United States Steel's Orinoco Mining Company installation, Cerro Bolivar, in Venezuela. Top: high grade iron ore is loaded into trucks; below: roads and rounds make indentations in the huge development



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and where once it turned out twice as much as all of its competitors put together, its competitors now turn out more than twice as much as it does.

It is true that U. S. Steel has grown during this period and that, last year, it produced about three times as much steel as it did in 1902; but its competitors have grown far more lustily. They produced 15 times as much steel as they did in 1902!

Over the years, United States Steel's share of total domestic production has declined continuously, right down to the present day, while its competitors have taken an ever-increasing share of the market away from it. For every ton of steelmaking capacity that we have added during these years, our competitors have added almost three tons to their capacity; and this year — for the first time — our share of the total capacity of the industry dropped to 29.7 per cent.

Vigorous and successful as U. S. Steel's competitors have been, they are by no means the only competition which we must meet in selling steel. With American wage rates

three times as high as those which are paid to steelworkers abroad, we face increasing competition from foreign imports; and in certain product lines, this competition has cut heavily into our market.

Beyond that, too, is the intense competition that steel faces from other industries producing a host of products that can be used as substitutes for steel. Thus aluminum is striving mightily to replace steel in the automotive market, in the building industry, and in containers. Plastics are contending against steel in the manufacture of pipe, and for hundreds of other uses. Detroit has been experimenting with the use of fiber-glass for automobile bodies. The steel we produce for the manufacture of tin cans competes against glass, paper, and other substances. In the construction field, steel must vie with pre-stressed concrete, wood, masonry, slate, asbestos and other materials too numerous to mention. And always it must compete against other metals such as copper, bronze, lead, and magnesium.

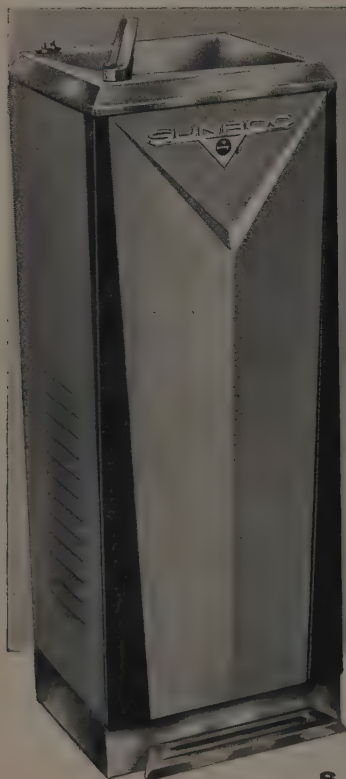
The customers of any steel company will buy their needs from the company best able to compete for

their patronage in terms of price, quality, service, dependability, and availability. And in the end, the customer alone will decide — as the American customer always does — which companies shall grow, which shall wither, which shall survive and which shall die. Theirs is the power to regulate and to control.

In July, Fortune magazine published a list of the 500 largest manufacturing companies in America; and it ranked them according to size on the basis of the dollar value of their sales last year.

On this list, United States Steel stood fourth in size of sales, stood third in assets and invested capital. It also stood third in total number of jobs it provided and fifth in the number of stockholders whose savings have been invested in the enterprise. Now these are the measures of the service which U. S. Steel has performed for the total economy and for the nation.

But how about the rewards it received for these services? In 1954, United States Steel ranked fourth in profits as a percentage of sales; at all. It ranks in 123rd place on a basis. Well, then, how about pro-



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return on invested capital, however limited the usefulness of the measure may be. Was it number four in this hit parade? No, it ranked third on that basis. And among the companies which stood far above it on both of these counts was the smallest company in the entire list—number 500.

A little study of the facts as they are reported in this Fortune magazine article will completely shatter the popular illusion that big companies have been fattening their profits. Taken as a group the 500 largest companies of this year increased their profits by 2.5 per cent over the levels of last year's top 500; but all the other industrial corporations—all the smaller ones which did not rank among the first 500—increased their profits, as a group, by 22 per cent.

### Hit Profit Peak

These figures show that the total profits of all corporations, after taxes, were \$22.1 billions in 1950 and that they have never been as large as that since then without even considering the declining value of these dollars of profits. And whereas profits represented nine per cent of total national income in 1950, they had shrunk to only six per cent of the national income by last year. So it is a little difficult to understand how shrinking profit levels can cause inflation. Compensation of employees, of course, has risen by \$87 billions during this same period; and as a share of the total national income it has increased from 64 per cent to 70 per cent. So if it is the chief of this committee that "concentration of power" may have something to do with rising prices, I would merely suggest that perhaps the gentlemen are looking on the wrong side of the bargaining tables. I am aware, of course, that U. S. Steel is often blamed for wage inflation. It is said that we do not really fight against uneconomic wage increases, because we can easily pass them along to our customers. And it has been suggested that we be barred from raising prices following a wage increase—the supposition being, presumably, that we will thus be forced to resist the union more strongly.

In the first place, our profit rate since 1940 shows that neither U. S. Steel nor the steel industry as a

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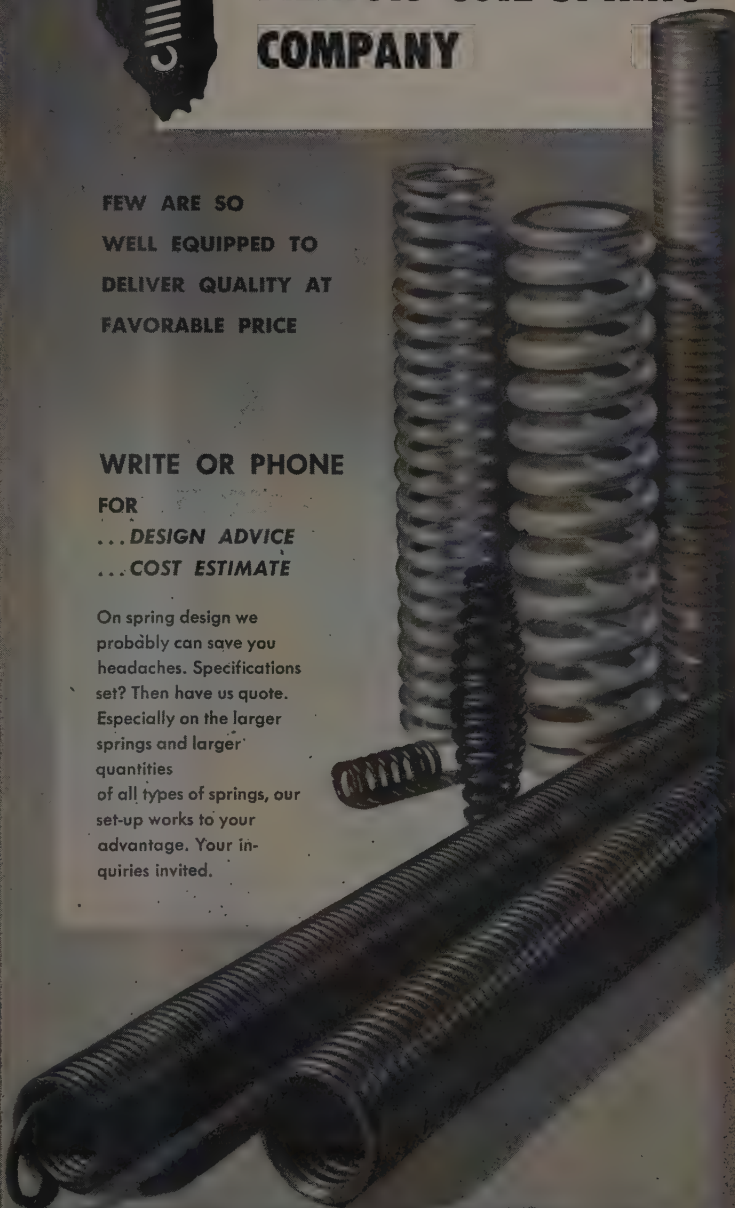
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whole has been able to pass these rising costs along in their entirety. We have had to absorb a part of them. But that, perhaps, is beside the point.

To enforce what we regard as inflationary wage demands, the union has struck our plants five times in the past eleven years; and we have taken these costly strikes in an effort to hold the line against inflation. But hardly has one of these strikes begun before there is a nationwide demand that we settle it. Our customers must have steel or close their plants. Their employees face layoffs and loss of pay. The government,

too, must have steel; and daily the pressures upon us keep building up. And ultimately — if we do not settle — we may face the threat of government intervention, as happened five years ago when the then President of the United States seized our plants illegally and sought to grant the union demands in full.

In our most recent negotiation last year — after a five-week strike — we signed a labor agreement. It was that labor agreement which foreordained our recent price increase.

Under that three-year labor agreement, we hoped to narrow at least slightly the inflationary gap between

our rapidly mounting wage costs and our slowly rising output per man-hour. Only time can tell if what we did represented progress.

On July 1 of this year we found what our recent total wage-cost ratio demonstrates was about a 10 per cent increase in our total cost per man-hour; and to cover these costs in part we raised our selling prices by an average of 4 per cent. This action was promptly denounced on the floor of Congress and elsewhere as being "irresponsible" and contrary to the "public interest."

There is no doubt that the popular thing for U. S. Steel to have done would have been to permit mounting costs to rise, uncompensated, and thus to endanger not only the financial strength of the company, but also the jobs of its employees, and even, perhaps, the security of the nation. But would that have been the responsible thing to do? and would it have been in the public interest?

United States Steel, like any other enterprise, has many responsibilities which must be weighed not only in the light of present day pressures, but also in the light of long-range necessities. One of these is our obligation to our shareowners, who are widely assumed to be people of great wealth — people who do not need their dividends anyway.

#### Stockholder Income

But a survey which we took among them four years ago showed that more than half of these stockholders had incomes of less than \$4,500 a year, and many of them less than \$2,000. That was not what they got from U. S. Steel. That was their total income from all available sources. So, the incomes of more than half of our stockholders were less than the average wage we were then paying to the men in our mills.

What, then, is our responsibility to these people? Are we fulfilling our responsibility to them if we subtract from their incomes in order to pay to the incomes of our workers in order to meet our other costs?

But entirely apart from its obligations to its owners, United States Steel has grave, long-range responsibilities to the nation as a whole — responsibilities which are continuously taxing its financial resources — and the extent of United States



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...el's ability to meet these responsibilities is directly dependent on the extent of its profits. In the face of inadequate depreciation allowances, it is reinvesting a substantial part of its profits in the replacement of obsolete and worn equipment in order to remain efficient and productive, and to hold costs and prices down. No one will doubt that that is a part of our responsibility.

The potential supply of iron ore is available within this nation's borders will undoubtedly last beyond the lifetime of any of the present officers of our company. But that is not enough. For the future security of the company, of the industry, and of the nation, huge new reserves are constantly being discovered, evaluated and developed as our work in Venezuela, Canada, Wyoming and the Lake Superior district illustrates. That too, is surely a part of our responsibility—a responsibility we share with others in our industry. Beyond that we are, today, building costly new facilities to treat and upgrade raw materials which are grinding in quality. We must have

multimillion-dollar plants for the washing of metallurgical coal; beneficiating plants to process iron ore, and sintering plants to increase the productivity of our blast furnaces.

### **Research, a Responsibility**

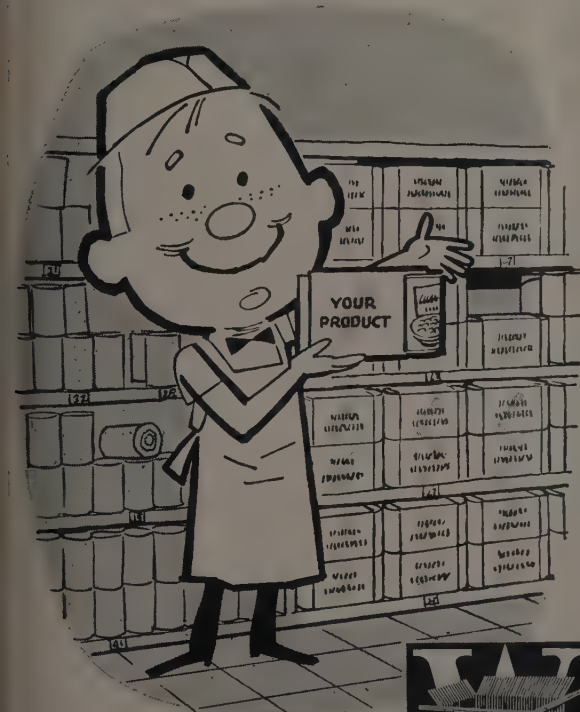
As an important industrial unit, research—regardless of how costly it is—is also a part of our responsibility. And we believe our new research center at Monroeville, Pennsylvania, is further evidence of our efforts to carry out that responsibility. In our laboratories there, we are seeking to develop new steels that will withstand—as no other metal can—the terrific heats that will be generated by atmospheric friction in the supersonic planes of the future. There, too, we are engaged in a program of fundamental research designed to extend man's knowledge of the iron atom, and to discover—as scientists believe they may—a metal twice as strong as any now existing in the world.

Beyond all that there is the ever-present need for new steelmaking capacity so that the economic growth

and security of this nation may never be jeopardized by the lack of steel. To play our full part in maintaining an adequate steel supply is a compelling responsibility. That is our business, and there is no better reason for our existence. But no one of these responsibilities is possible of fulfillment by a profit-starved industry or by a company suffering from financial malnutrition.

Popularity is a fickle thing. Shortly before World War II we were critically examined for having too much steelmaking capacity in what was then termed by some economists a "mature" economy. With those economists we definitely were not popular, yet within a matter of months Pearl Harbor was upon us; and you will recall how important that supposedly excessive steel capacity was to all of us and how the plants of United States Steel were called upon to out-produce all the steel plants in all the axis nations put together. That was a very popular thing to do at the time.

Only five years later, however—when we were summoned before another investigating committee of the



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Congress—we were denounced on the grounds that we looked too big to some of the investigators. And counsel for the committee made a great point of the fact that no nation on earth—outside the United States—could produce as much steel as our company could. That, he said, was not good—and we were then unpopular with him.

Today that charge can no longer be made against us—for there is one country on this earth which now

produces much more steel than does our company. That country is the Union of Soviet Socialist Republics—a thought provoking fact which no one in our industry or our corporation can overlook.

If steel companies become unpopular because they are too big, they may manage to survive it somehow; but if they ever become unpopular because they are too small, it is quite possible that none of us may survive it.

## Do Ex-Convicts Make Good Employees?

(Continued from page 23)

Osborne Association, a New York City prisoner welfare organization that has found jobs for some 15,000 ex-convicts since it was founded in 1932. Out of this huge group, only 14 have committed crimes after getting a second chance to live within the law.

The experience of the John Howard Association of Chicago has been similar. JHA, founded soon after the turn of the century, has helped place several hundred discharged and paroled prisoners with Chicago-area companies. Reports Executive Director Eugene Zemans:

"It has been our experience that the vast majority of law violators, if given a chance to lead respectable lives after their release from prison, do not go back to a life of crime. Of the small number who do, only a minute percentage put the em-

ployer or the company in jeopardy. The chance of a rehabilitated ex-convict committing a crime on the job is extremely remote, at worst no greater than the chance of a worker without a previous prison record committing the same crime."

Virtually all employers who have obtained workers through JHA agree with these sentiments. Few were receptive to the idea of employing an ex-convict initially, however. Typical is the comment of one personnel manager who says:

"During World War II, we hired an ex-convict for the first time. We didn't do it because we wanted to, but because he had skill we needed badly and couldn't obtain anywhere else. Since then, we've taken on several more employees with prison records and have found that when properly screened and placed, they

do as well as any other work. Sometimes, they do better."

Careful analysis of the ex-prisoner's personal makeup and job aptitude are essential if he's to make it. "However, much of the preliminary work is done for us, either the prison or by the welfare agency. Our own costs in sizing up an ex-convict for a job are no higher, on the average, than they are for any other job applicant."

JHA's files contain impressive evidence to back up this contention—that an ex-convict, given rehabilitation therapy, can almost always stay out of trouble and hold his own on the job as well.

Every year the agency interviews 600-700 inmates of Illinois prisons shortly before their release. The name of each convict is checked against JHA's existing files, but only rarely is any previous record found. This fact indicates strongly that most of those who have been helped are now living within the law. Since the association keeps case records for ten years, it would seem that rehabilitation has been permanent for the majority of lawbreakers whose names are on file, especially in view of the well-known fact that if an ex-convict is going to commit another crime he is most likely to do it in the first few months or years after he's free.

One of the cases in JHA's files involves a comptroller who spent three years in prison for participating in the falsification of an S report. After his discharge, the comptroller tried in vain to get a job. Finally, through JHA, he obtained a position as clerk in the production department of a manufacturing firm. He made a number of suggestions for improving production efficiency which attracted the attention of top management, and was promoted a short time after starting. That was approximately ten years ago. Today this ex-convict occupies a key position in the company.

Admittedly, this case is unusual—the ex-comptroller had a college education, a higher-than-average IQ and years of accounting experience. His story does show, however, that by refusing even to consider an ex-convict for a job, a company can be passing up really valuable talent.

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More typical is the case of another ex-convict, a member of a minority group, who had become quite familiar with the inside of several reformatories and penitentiaries before he was straightened out. A broken home, an unfortunate marriage, and a number of other personal troubles all helped him make what seemed to be a complete mess out of his life by the time he was 28. But in prison he acquired a high school education and learned enough about baking to land a job (with A.A.'s help) in a commercial bakery when he was released. A prison psychologist and a John Howardese worker helped him resolve a number of emotional problems that had been responsible for his earlier difficulties.

Soon after getting the job, he enrolled in a night school business course. At present he's nearly finished with these studies, and is working as a baker's helper. The company thinks a lot of him (they're paying part of his tuition). Quite obviously, this ex-convict is now well on his way to rehabilitation.

### Some Incurrigibles

Unfortunately, not all the stories have such happy endings. Some criminals are incurrigibles, others lack what it takes to overcome their notional handicaps. And even with those who do make the grade, a lot of time and a lot of individual attention are usually required before anyone can honestly say they have been rehabilitated.

"We aren't arguing the fact that most ex-convicts, without help, make poor employment risks," says one expert. "What we are saying is that many of these men are capable of holding down jobs and ending their dependence on the taxpayer. But without a willingness on the part of employers to give the ex-convict a chance, all of this help, in most cases, is largely or completely wasted."

What prison welfare organizations and penologists would like to see is an end to the present almost-total ban on hiring of ex-convicts. They don't say a company should hire every man with a prison record; they do say that each man should be con-

sidered objectively in terms of his ability to fill the job opening.

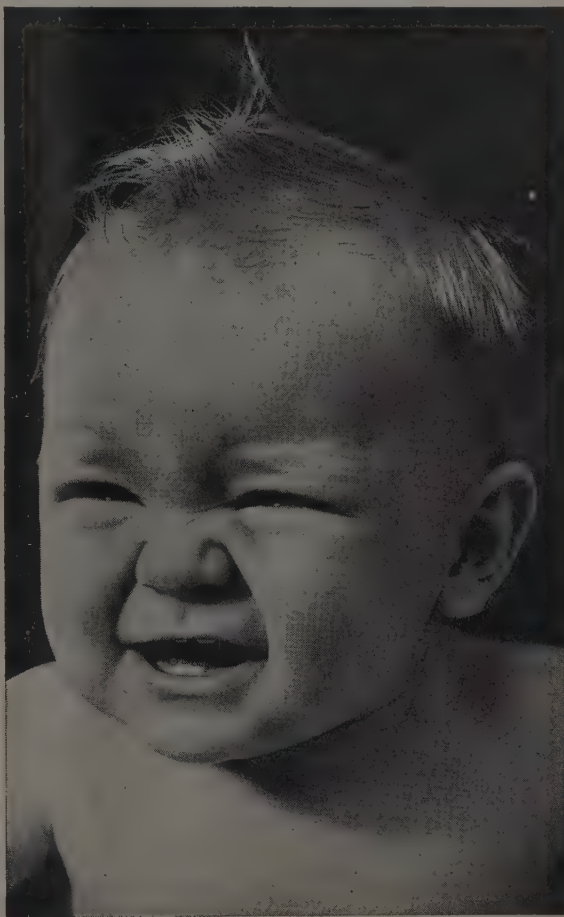
Giving the rehabilitated lawbreaker a second chance, they add, isn't just humanitarianism; it's also good business. For, with a job, he'll be able to stand on his own feet and become an asset to the community. Without a job, it's almost a sure bet that he'll end up back in prison. If he does, the businessman who wouldn't hire him is going to have to shell out anyway — as a taxpayer instead of as an employer — and will receive far less return on his investment.

## Here, There and Everywhere

(Continued from page 8)

Appliance Manufacturers Association points out. It was 8,976,000 at the end of 1956, as against 4,634,000 at the end of 1951.

• **Canine Insurance** — Animal Insurance Company of America has been licensed by the state of New York to write life insurance on dogs. Pedigreed dogs aged six months to nine years will be insured on an annual term basis. The limit is \$5,000 for each dog.



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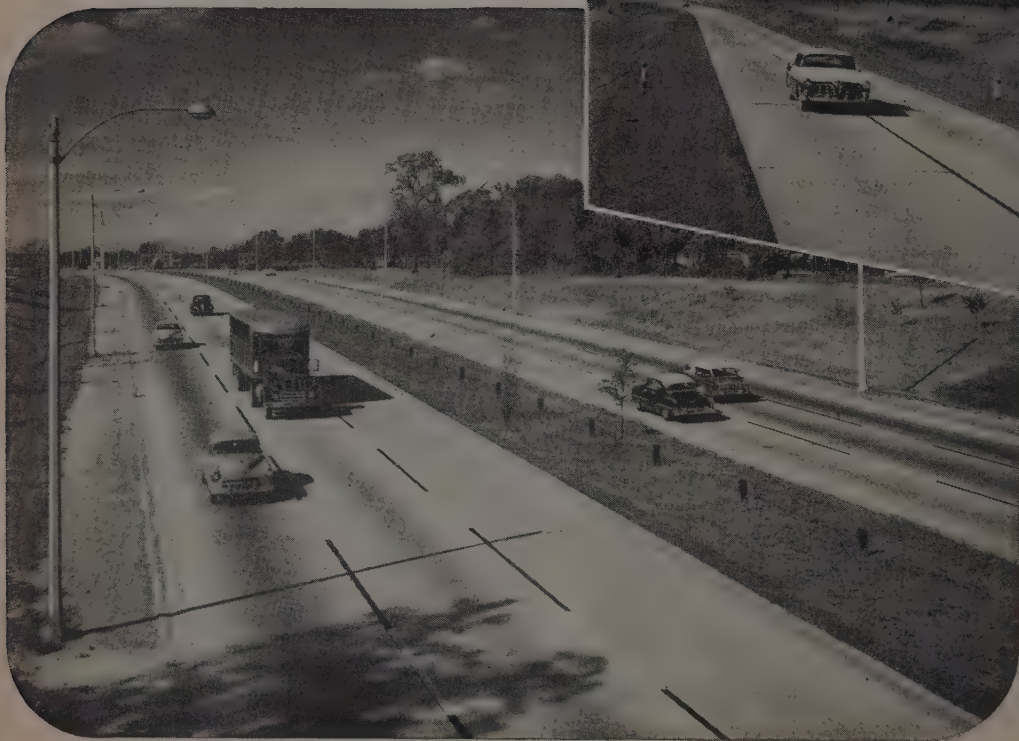
"I couldn't find that part we needed *any* place. Then I remembered the Yellow Pages, and found it *fast!*"

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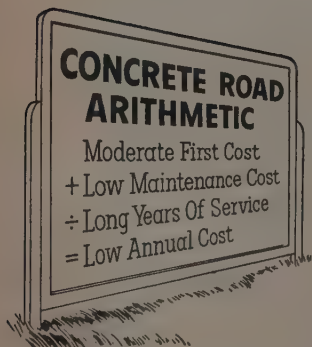
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# Industrial Developments

## ... in the Chicago Area

PLANT construction and expansion program investments in August totalled \$17,472,000 in the Chicago Metropolitan Area. Types of projects covered in these announcements included the erection of new plant structures, the expansion of existing plants and the acquisition of land or building for industrial purposes. The August total may be compared with the same month last year, \$10,931,000. For the first eight months of 1957 there has been a total investment in plant facilities of \$138,799,000. The comparable figure for 1956 was \$107,649,000. The much larger 1956 figure is due to some very large projects which were announced during the early months of that year.

**Stauffer Chemical Company** has started construction of a new plant for the production of sulphuric acid in Hammond. The new facility will have a capacity of 400 tons of sulphuric acid per day which will be recovered from processing of oil refinery sludge. The plant will be at the southeast corner of Michigan avenue and Indianapolis boulevard in Hammond, and is slated for completion in mid 1958. The company now operates a much smaller unit in Hammond. It will also erect a modern office building at the site of the new installation. The decision to build the big new plant was based on the ready availability of supplies of raw materials in the Hammond-Whiting-East Chicago area. Hutton and Hutton, architect. Chemical Construction Corporation, Inc., general contractor.

**Danly Machine Specialties, Inc.,** 100 S. Laramie, Cicero, manufacturer of heavy press equipment, which about two years ago acquired the former Thor Corporation building at 22nd street and Laramie ave-

nue in Cicero, is adding 150,000 square feet of floor area to that plant. The company expects to double its press manufacturing capacity, and is introducing a new line of fast die-changing mechanisms which will reduce costs for large stampings by appliance, auto makers, and other large metal working industries. Die-changing time in the press can be cut to approximately 15 minutes, from the present 4 to 12 hours.

• **LaSalle Steel Company** in Hammond has added 93,000 square feet of floor area in the form of six separate buildings. Martin B. Aznavoorian, engineer; Ragnar Benson, Inc., general contractor.

• **United Vintners, Inc.,** is erecting a building containing 63,000 square feet of floor area at Ashland avenue and the South Branch of the Chicago River to be used as a wine bottling plant. The company, with headquarters in San Francisco, owns Italian Swiss Colony and Petri Wine Companies. It plans to ship California wine in a specially built tanker holding 2,750,000 gallons (now being built in San Francisco) to Houston, Texas. It will then transfer part of the wine to barges which will move it up the Mississippi River and Illinois Waterway to Chicago. Bennett and Kahnweiler, broker.

• **Phoenix Manufacturing Division** of Kraft Foods Company, now located at 2300 Greenleaf avenue, Evanston, is erecting a 77,000 square foot plant in Morton Grove. The company is a manufacturer of food processing equipment for the parent company. J. Emil Anderson and Company, general contractor.

• **Benjamin Wolff and Company,** operating a steel, aluminum, and other fabricated metals warehouse,

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Artist's sketch of General Binding Corporation's new million dollar office and plant building at 1101 Skokie Highway, Northbrook, which the firm now occupies

has begun construction on a new plant in Franklin Park, slated for completion before the end of the year. The new building will contain 65,000 square feet, and is being erected by Clearing Industrial District in the Franklin-Mannheim development. The firm's present warehouse in Melrose Park was recently acquired by the Hotpoint Appliance Sales Company.

• **Rand McNally and Company** in Skokie has acquired a large one-story building at 2200 Greenleaf avenue in Evanston, which it will utilize for warehouse purposes. This structure contains 38,000 square feet of floor area. Bennett and Kahnweiler, broker.

• **Pioneer Saws, Division of Outboard Marine Corporation**, will start

soon on the construction of a new manufacturing facility of a 15 acre site near Waukegan. The initial plant will contain 75,000 square feet of floor area and will be ready for occupancy within one year. The division produces motor drive chain saws, for which there has been a rapid increase in demand in recent years.

• **American Manganese Steel Division** of the American Brake Shoe Company in Chicago Heights is expanding its plant to meet the increased demand for its product in the road building and mining industries. Amsco is adding 53,000 square feet of floor area to the plant, which will include new sand handling facilities, shipping, cleaning and machine shop additions, allowing the

plant to make larger castings as well as 50 per cent more tonnage.

• **Allis-Chalmers Mfg. Company** is expanding its Harvey works with the addition of two buildings. One is a 44,000 square foot, one-story structure and the other a two-story building with 26,000 square feet of floor area. The two new units will be an initial step in the company's engineering, development, and research laboratory center at the Harvey works.

• **R. R. Donnelley & Sons Company**, 350 Cermak road, is adding 12,000 square feet of floor area to its printing facilities on the near south side. The additional space will house some new press equipment which the company is installing. M. P. Aznavoorian, architect; R. R. Benson, Inc., general contractor.

• **Switchcraft, Inc.**, 1328 North Halsted street, has begun the erection of a 42,000 square foot factory building located at 5555 N. Elston avenue. This company manufactures electronic computers, switches, jacks, plugs, and connectors. The new erected building will have approximately twice as much square footage as the firm's present location. Clarence L. Dahlquist and Associates, architect.

#### Correction

The August issue of "Industrial Developments" reported in error that the Hotpoint Company would break ground for an administrative building containing 250,000 square feet in the fall, at its newly acquired site in Elk Grove. A contract was awarded for structural steel for Hotpoint's "New Center Building" for compressor manufacturing. This will be the initial structure at the firm's new industrial location. Other buildings to be erected on this 80-acre site are still in the planning stage.

#### Exhibit Industry

(Continued from page 17)

and England halted from time to time to permit the holding of trade fairs, regarded as essential to the economies by both contestants.

Then, as now, the fairs took on an air of gaiety, providing communication and entertainment as much as a marketplace. Dancing girls, strolling torii found, first appeared at the

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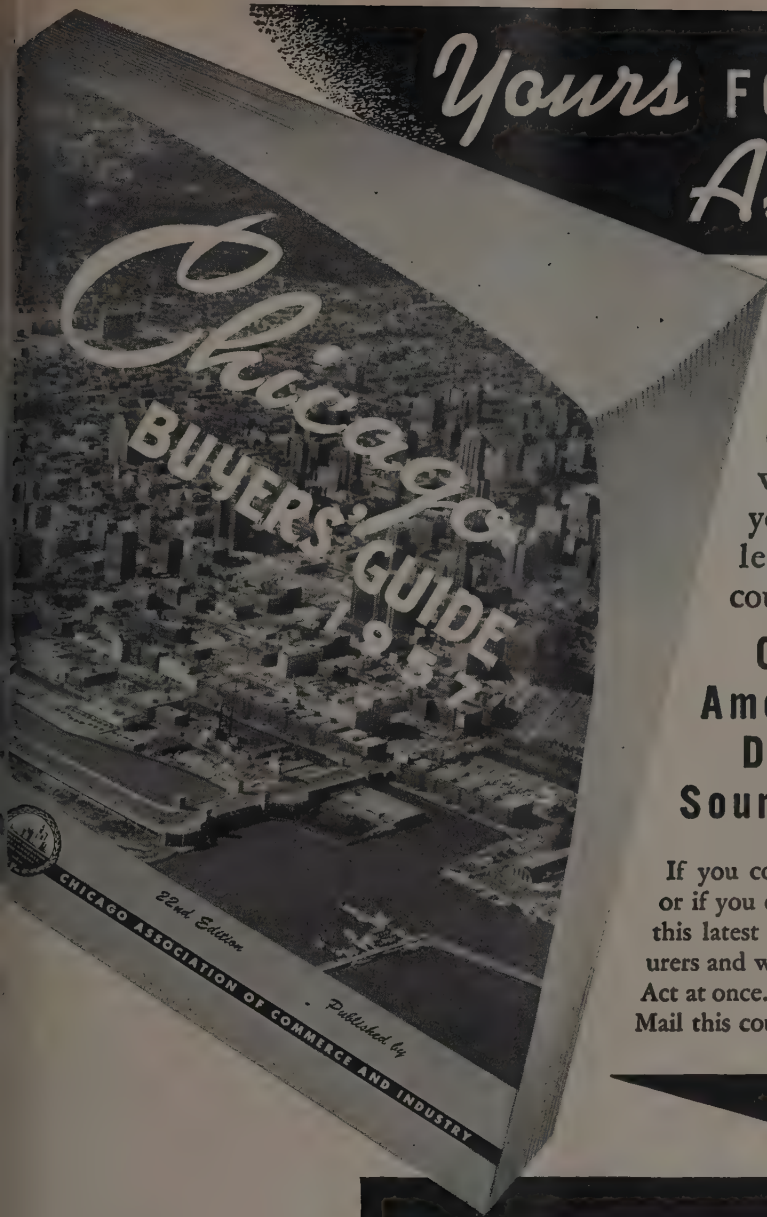


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fairs of Marco Polo's time, and color and festive excitement accompanied the trade fair throughout history.

For several decades in modern society, however, commercial exhibitions were so reduced to their essential elements of product, salesmanship and space as to court drabness. For example, most of the booths at Chicago's much-vaunted Columbian Exposition, in contrast to the elaborate palaces which housed them, boasted only a curtain, a sign, and a stand on which to place the product, flanked by rented palms.

Another great Chicago fair, 1933-34 Century of Progress, brought color, excitement, and showmanship back to commercial exhibiting, and sparked trade shows and exhibitions to surpass history's most glittering spectacles.

When planning for the Century of Progress began, there were no custom exhibit producers as the term is understood today. Artists, architects, sign painters and the then infant field of industrial design were drafted for help. Jean Reinecke, now a leading industrial designer and then art director of the Chicago office of General Displays, Inc., designed some 50 exhibits, supervising the construction. Before the fair ended, Reinecke formed a partnership with James Barr, bought out the General Displays office, and established one of the first custom exhibit firms, General Exhibits and Displays, Inc., now owned by Stanley Fairweather.

Fairweather, who had an extensive advertising background, had been employed by Architectural Interiors Company, producers of poster decorations for theater interiors, who became the largest builders of Century of Progress exhibits.

The Century of Progress returned modern design to America, when it had sprung, and the impact of trade shows and exhibit design was instantaneous. The fair combined with a vigorous campaign by the Chicago Association of Commerce and Industry to bring 1,527 conventions and trade shows to the city in 1933. Attendance at these meetings exclusive of other fair visitors, was 1.6 million, making the start of the trade show resurgence interrupted only by the travel restrictions of World War II.

In the design area, Fairweather

(Continued on page 43)



# Transportation and Traffic



THE Interstate Commerce Commission, by order in Ex Parte No. 25, Increased Freight Rates, Eastern, Western and Southern Territories, 1956, authorized an increase in present railroad freight rates and charges of approximately seven per cent within and between Eastern and Western territories and 4 per cent within, from and to Southern territory. The rate advance became effective August 26, 1957, on 15 days notice. The result is an over-all increase, including the interim emergency increase authorized earlier in the proceeding, of 14 per cent in Eastern territory, 12 per cent in Western territory and between Eastern and Western territories and one per cent within, from and to Southern territory, including the Echontas Region. On class rates the over-all increase is 12 per cent in all territories. The increases on certain commodities such as coal,omite, grain, livestock, fresh meats, packing house products, fruits and vegetables, edible nuts, lumber, sugar, phosphate rock, salt, potash, and building woodwork are subject to specific exceptions or hold-downs. The order authorized freight forwarders to make over-all increases of 11 per cent in Eastern territory, seven per cent in Southern territory and nine per cent in Western territory and on all interterritorial traffic. Water carriers are authorized to make increases equal to those granted the railroads. In discussing forthcoming increases in expenses facing the carriers, the commission said: "When these become an actuality the respondents may further petition us in this proceeding to modify our outstanding orders so that they may file schedules, accompanied by adequate justification, subject to protest and possible suspension, proposing moderate increases in such rates and charges to

cover additional increases in expenses which have materialized. We have heretofore suggested that the time had probably come when consideration should be given to ways of increasing rates other than by means of horizontal increases. The carriers should give consideration to this suggestion. If tariffs are filed as outlined herein, they should reflect the results of this consideration."

• **Examiner Finds Free Time on Export Freight at Chicago Unreasonable:** Interstate Commerce Commission Examiner Burton Fuller, in his proposed report in No. 32023, Chicago Regional Port District et al. v. Atchison, Topeka and Santa Fe Railway Company et al., recommends that the commission find that present tariff regulations in effect at Chicago and all Great Lakes and river ports restricting the free time for unloading export freight to 48 hours unjust and unreasonable. Examiner Fuller suggests that the commission further find that the seven days free time in effect at tidewater ports is reasonable and competitively necessary. The proceeding embraces a complaint filed by the Chicago Regional Port District alleging that the free time allowance on export freight at the Port of Chicago is unreasonable and unduly prejudicial to the Port of Chicago and unduly preferential of competing Atlantic and Gulf ports. The Chicago Association of Commerce and Industry intervened and presented testimony in support of complainants.

• **Loomis Succeeds Faricy as President of A.A.R.:** Daniel P. Loomis of Chicago has been elected president of the Association of American Railroads succeeding William T. Faricy who has become chairman of the board. Both appointments became effective August 1. Mr. Loomis

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was chairman of the Association of Western Railways since 1948. Mr. Faricy became president of the A.A.R. in 1947 and prior to that time was vice president and general counsel of the Chicago and North Western Railway. Clair M. Rodde-wig, president of the Chicago and Eastern Illinois Railroad, will succeed Mr. Loomis as president of the A. W. R.

## Big Labor

(Continued from page 20)

labor. "One of the major compensations the small firm has in being able to offset the ability of its larger competitors to automate and mass merchandise is the intimacy it may enjoy with its workers. Take that away, through union organization or otherwise, and you've taken away an important part of the small company's ability to provide the special service often so vital to his competitive existence," says Harry H. Rains, director of the Labor-Management Institute of Hofstra College, in Hempstead, New York.

An Eastern steel fabricator whose

50-man labor force has been organized for slightly more than five years now contributes another reason for the small businessman to avoid union organization, if he can, even more avidly than his larger competitor. Says he: "The large company that dominates a market is in a far better position to pass along a cost increase from a new labor contract than the small firm. Indeed, a small firm, such as our own, is hard put to it just to pass on the increased prices of its suppliers, let alone its own higher wage bill. There is just too much competition among small firms for anyone to take a chance raising prices alone."

The small firm, of course, has a disadvantage right from the start, in even attempting to resist union organizers' efforts. It has neither the financial resources of its big competitors nor those of the union itself to meet the threat of a strike. Nor does it have a sufficiently large work force for a walkout to interest the community, much less to bring public pressure to bear for a settlement as might result when a big firm, whose own prosperity is much more likely to have some immediate bear-

ing on that of its community struck. "When the little firm is by a labor dispute," says R. A. M. Neille, President of the St. Charles Manufacturing Company of Charles, Illinois, "the only one suffers is the small business himself and his own small employ- force."

The small firm, of course, has an experienced industrial relations staff of its own. Its union anniversary, at the same time, has a veritable army of organizers who practically nothing else day in day out, week in and week out, plot organizational strategy and it out in practice. This can be tremendous advantage in any organizational struggle. Out in Nassau County, Long Island, New York, for example, it recently led to an unbeatable combination for District 65 of the Distributing, Printing & Office Workers Union in drive to organize some 200 neighborhood drug stores.

The union's one-two punch consisted, first of all, in the offering a "white" contract to pharmacists who agreed at once to sign up the union and abide by its agreement that was infinitely better than the "yellow" contract would be compelled to sign once showed the least resistance. Another element in its strategy consisted of bombarding uncooperative pharmacists with phony phone calls all hours of the day and night. Customers couldn't get through. One answering the phone heard a weird laugh or a veiled threat, a click of the receiver as the caller hung up. The ringing would start again immediately afterwards. The union succeeded in breaking the backs of 40 druggists by these methods before a New York grand jury ruled its methods illegal.

Is the small businessman helpless in the face of threatened union organization? And has he, necessarily, reached the end of the road once is compelled to pen a labor contract with a union? The answer to these questions, labor experts agree, is "No." There are methods, they point out, to prevent union organization or, once a shop has been organized, to combat many of the difficulties that can make operation with a union difficult. "The small businessman stands the best chance of avoiding union organization

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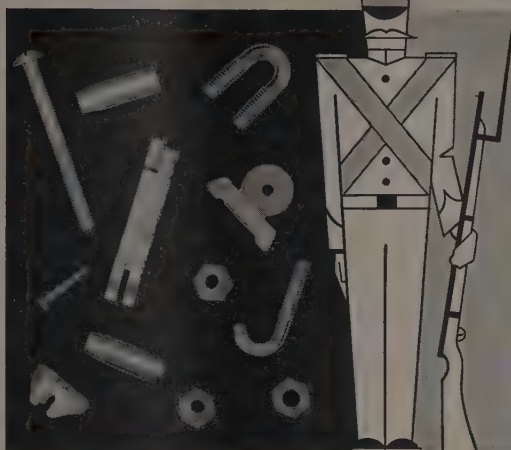
establishing, beforehand, the best possible working relationship between himself and his employees," David A. Hoadley, Labor Relations Director for the Hitchiner Manufacturing Company of Milford, Hampshire, makers of precision bearings whose 200 employees only recently defeated a union attempt to organize them by a 2:1 margin.

The small businessman would do well, too, to keep his wits about him when the union begins to poke into his business or his workers start showing an interest in the union, labor consultants suggest. Murray Baron, who maintains his own labor consulting firm in New York under the name Murray Baron & Associates, passes along this advice: "If a union organizer shows up from a responsible union with a reasonable request for organization, I'd go out of my way to invite him into my plant, solicit his opinions as to what I might still do for my employees and I would even make it easier for him to talk with them. I should be especially careful never to give him a platform from which he can denounce me in the future. These first contacts can shape a firm's labor relations for years to come, so be careful with them even when the union man tries his darndest to entice you into a bitter relationship. He knows he can lick you in the long run."

### Local Issues

Should the small firms, despite all efforts, then be organized, the end of the road has by no means necessarily been reached. "A background of good labor relations," says Mr. Baron, "may lead to the union perceiving employees of a given firm to be much of their own negotiating on local issues. In this case the firm's special circumstances are much more likely to be taken into account than if an outsider were to do all the negotiating." As for the disadvantage of the small firm in being able to hire the professional labor help it needs for day-to-day advice in labor problems and in negotiations, this problem, too, can be surmounted. Approximately two years ago, some 60 Long Island businessmen showed how by organizing themselves into the South Shore Businessmen's Association and contributing \$50 a year each for the purpose of retaining a professional

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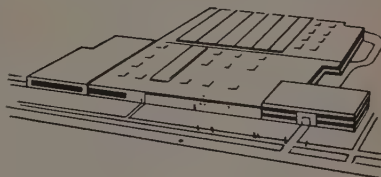
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labor relations expert they could all share as they needed him. The system has also afforded the now-enlarged group means to cope with excessive litigation expenses arising in connection with employee claims; \$5 of that \$50 goes into a fund for paying legal costs exceeding \$400 in any one case. "So far," says an official of the group, "the scheme has worked out exceedingly well."

Of course, even such methods as these are not absolute guarantees against organized labor driving the small firm out of business. Much,

naturally, depends on the attitude the union itself adopts in dealing with small firms reeling under its demands. It's not all a negative attitude, either. "We are as much interested in curbing monopoly and helping the small businessman stay in business as he is," says one U.A.W. official. An executive of the A.F.L.-C.I.O.'s own central offices in Washington, D. C. adds: "When you're sick or out of a job, it's the local grocer, not the supermarket, that carries you. We think there's still very much a place for this kind of

enterprise in our economy. I'm not anxious to hasten its disappearance."

The U.A.W. for its part, says Gerber, has already demonstrated readiness to defer the institution of its supplemental unemployment benefits plan (S.U.B.), for example, in small concerns not financially ready to provide them. An executive of the Amalgamated Clothing Workers boasts his union provides a "benefit" plan free of charge to companies asking for such assistance, who, it claims, are often "knowledgeable" in the industry and the owners themselves. The union, he notes, also extends cheap loans to firms in financial difficulty to keep them from having to close "because," as he says, "it's in the interest of our members to do

### *Temporary Assistance*

In no case, however, union officials agree, is such consideration meant to continue indefinitely so as to keep in business a firm that is basically mismanaged or uneconomical. "If assistance provided," a labor leader argues, "is only of a temporary nature. Sooner or later, the enterprise will have to face up to its obligations. We'd just like to help companies survive if they can—we can't stop them from sinking if they must."

Most labor folk, however, resist going along in providing any special recognition or assistance whatever to the small firm in trouble. The U.A.W. director of a large industrial union asks: "Does the business set a special price on his product for the man with 12 kids? Then we should we get involved in trying to determine the justification for providing one employer with some special price we're not making available to other?" The businessman blames the union with a more sympathetic attitude for the part of the union with which he has to deal can just consider himself unusually fortunate. And even if he will be unable to count on such assistance being forthcoming for an indefinite period.

There is no doubt but that increasing demands for greater security and more leisure will weigh heavily on small enterprises in the future, whether organized or perhaps more so if they are that they aren't. Nevertheless, as one successful small businessman ex-



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self at a conference on small business problems held by the American Management Association in New York recently: "The same enterprise that has enabled the small to grow into a larger, more prosperous establishment and to weather the challenges of the day no doubt continue to be exerted in the future. Businessmen who fail to exercise that enterprise will simply find one more stumbling block in their paths in the years ahead: the soaring ambitions of organized labor."

## Trends In Business

(Continued from page 10)

Personality tests reveal the engineer paid for his devotion to mechanical and impersonal matters at the expense of his development as a total being. He applies far less intelligence to human relations than he does to purely technical matters, shows little interest in the social sciences, public affairs, or even in those aspects of physical science which don't immediately relate to engineering. These tendencies apparently date back to the engineer's teenage days when he showed a marked distaste for English and "cultural" subjects. Engineers in applications, product, design, and operations engineering are particularly cautious and conformist in their personal and social relations.

On the whole, engineers are mid-brow in their leisure-time tastes. The average engineer enjoys dating, racing, movies and spectator sports. His hobbies are predominantly mechanical—home repairs, crafts, photography and gardening. He usually devotes his leisure to personally expressive activities such as drama, art and music. He reflects the interest patterns in his reading habits, avoiding both cultural periodicals and low-brow publications in favor of mass-circulation magazines and, of course, technical journals. In books, those on technical subjects rank first, followed by "best sellers," historical novels, adventure stories and mysteries.

These are some of the findings about American engineers to be found in "A Profile of the Engineer" (series of three reports) available for \$7.50 per set from Industrial Relations News, 230 W. 41st Street, New York City 36.

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Ville De Montreal	French	September
Ville De Quebec	French	September
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Ternefjell	Fjell-Oranje	September
Leanna	Ahrenkiel & Bene	September
Borgholm	Swedish American	September
Prins Willem George Frederik	Fjell-Oranje	September
Cleopatra	Hamburg Chicago	September
Annik	French	September
Transontario	Poseidon	September
Clemens Sartori	Hamburg Chicago	October
Carl Levers	Fjell-Oranje	October
Vaxholm	Swedish American	October
Luksefjell	Fjell-Oranje	October

### United Kingdom Destinations

Manchester Prospector	Manchester	September
Veslefjell	Fjell-Oranje	September
Fair Head	Head	September
Maria Schulte	Furness Great Lakes	September
Svanefjell	Fjell-Oranje	September
Ballygally Head	Head	September
Grindefjell	Fjell-Oranje	September
Fredborg	Swedish Chicago	September
Prins Frederik Hendrik	Fjell-Oranje	October

### Scandinavian and Baltic Destinations

Helsingfors	Finlake	September
Borgholm	Swedish American	September
Makefjell	Fjell	September
Norderholm	Swedish American	September
Marieforo	Finlake	September
Fredborg	Swedish Chicago	September
Vaxholm	Swedish American	October

### Mediterranean Destinations

Marquette	Fabre	September
Herford	Ellerman	September
Capo Faro	Montship Capo	September
Labrodor	Fabre	September
Joliette	Fabre	September

### Greece, Israel, and Turkey Destinations

Askholm	Zim Israel	September
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## Exhibit Industry

(Continued from page 36)

that Creamery Package Manufacturing Company asked for a "d's fair type of exhibit" to use in the 1934 National Dairy Show. The same year, Fred Kitzing, then managing the Chicago Art Institute, began designing exhibits for the National Live Stock and Meat Show. Within four years Kitzing's firm had become a full-fledged exhibit firm.

Olson, of Olson Designers, constructed an exhibit for his display for the first packaging show in 1931. Work on several Centennial Progress exhibits convinced him that this was the field in which he wanted to concentrate.

Chuel Himmelfarb, who had achieved success in other design fields as well as the fine arts, subsequently determined to focus his attention on exhibits, and established his Dimensions company in 1940. The trade shows, meanwhile, grew in numbers and size. Chicago Convention Bureau records show an increase from the war-time low, in 1945, to 405 trade shows and conventions attended by 270,000 persons; in 1957, with 1.18 million attendees. In 1956, The Association of Commerce estimates that almost half these meetings are trade shows, business meetings, and states that these categories have shown a three-fold increase in the last 30 years.

The National Association of Exhibition Builders' annual convention exposition illustrates the continuing expansion in exhibits. In its 1945 year, N.A.H.B. attracted 10 exhibits and occupied only a portion of the Hotel Sherman's mezzanine. The following year the number of exhibits doubled, and the show occupied most of the Conrad Hilton's lower-level exhibition hall. Today, 500 companies occupy 800 exhibit spaces, covering the entire mezzanine, all major exhibit areas in the Hotel Sherman, and most of the floors of the Conrad Hilton.

One of the main reasons for our becoming so popular," says N.A.H.B. general manager Paul Van der Ven, "is our insistence on the top exhibit. We furnish only top floor space, and we have urged manufacturers to make exhibits from the beginning. Today, 99 per cent of our

exhibits are custom-built, and it makes the show much more interesting, as well as enhancing the value of the products. We could increase our show by another 50 per cent — every year we are forced to turn away exhibitors and to limit the space for those we can accept."

What's behind this kind of explosive growth — and what is the exhibit designer's role in it?

"Sales!" succinctly answers Acme Steel Company's Robert M. Snodell, one of the growing legion of industrial exhibit managers. Acme has a thoroughly organized system for fol-

low-up and reporting by its sales staff. An analysis by Acme's market researchers recently revealed that trade shows produced more inquiries, or sales leads, than all other sources combined for the period covered in the study, and by a ratio of approximately three to two.

"I don't think trade shows could do the job alone," Snodell explains. "Advertising, public relations, direct mail — all are important and necessary. A man may have seen one of our ads before he comes to the trade show, and it's still in the back of his mind. Then he sees one of our ma-



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chines in operation, and before we know it, we have his name on an inquiry blank. To help do this kind of job, the exhibit must be keyed to merchandising. And that is a special talent of the Chicago exhibit builders."

Three Dimensions' Himmelfarb analyzes it this way: "Back in his office, a man is king in his own domain. But when he decides to attend a trade show and walks into the hall, he is imbued, perhaps unconsciously, with the convention spirit. He does something he never does in any other situation. He walks over to the seller and asks to be shown. A single trade show provides the equivalent of hundreds of thousands of personal sales calls, at a fraction of the cost, plus the advantage for many products of demonstrating a nonportable item, or a

whole line instead of a few samples."

As for the designer's contribution to merchandising, Himmelfarb explains: "We conduct a thorough probing operation with every client to find out why his product is more desirable, and what are its characteristics and markets. This dictates our whole approach to the exhibit." A Three Dimensions exhibit for Cadillac, for example, stressed quality through a country estate setting for one model, a sleek upper-class apartment house for another. For Mars, Inc., candy bars, humorous cartoon-like dioramas emphasized that candy means fun. For Westinghouse Electric Corporation, at the Chicagoland Fair, miniature room settings demonstrated at the flick of a switch how room decor could be quickly and inexpensively changed through colored light bulbs.

"We also must study the design's relative impact value," Himmelfarb adds, in terms of the foot traffic space the client will have at a show. If we try to tell too much, we're telling nothing. Our job is to tell our client and his story stand out. When a company goes into a trade show, only to talk to its friends, a salesman's chairs would be enough. The job of the exhibit designer is to attract not only a company's friends but the friends of its competitors as well."

All the tricks of the visual arts are employed in this three dimensional selling—color, form, light, texture—plus newer techniques unavailable to the purely graphic media. Automatic sound, motion, and even lure the passerby from the aisle to the given exhibit. In fact, so successful have become the devices for attracting people that the audience is no longer regarded simply as a group of observers, but as integral components of the exhibit, a kind of "fourth dimension" for which the designer is consciously plans.

#### Pioneering Exhibit

A pioneering example of an exhibit deliberately built to be "viewed through" or "sat in" is Hospitality Terrace, constructed for Star Brands, Inc., by General Exhibits years ago. Still one of the most popular exhibits at such meetings, the restaurant, hotel and bakers' display. The Terrace is manned by top company officials offering Chase Sanborn coffee.

For Ralston Purina Company, Gardner Display Company of Chicago built "Champ," a 12 by 12 bovine through which the visitor walks to the accompaniment of automatic sound, action and the unmistakable scent of new-mown hay. Champ's animated interior includes a steer, half cow, so that visitors can see the value of nutrition for beef and calf production.

Still another example of how to plan for the movement of people in terms of a specific purpose was demonstrated by a Kitzing Studio exhibit for the Chicagoland Electro-Motive Division of General Motors Corporation keyed its exhibit directly to the Fair's labor movement theme. But the design process was complicated by the fact

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Electro-Motive employs a high percentage of skilled workers, and that goal was to insure future re-employment needs. Electro-Motive's 40- by 60-foot aisle was designed so that it moved through it. On one side was placed a built-in screening area, a 12-foot talking Joe Diesel, animated, against a locomotive. Joe Diesel's invisible operator was faced with the crowds and likely prospects to the main area. There, technical displays of typical Electro-Motive products were manned by General Motors institute students, trained to distinguish interested workers from visitors. Also displayed were photographs of plant interiors, employee activities, and residential communities in the plant's vicinity. Employment counselors invited the promising prospects to visit the plant in person.

### Tangible Reality

The elaboration and refinement of exhibit techniques is attributed in large part to television by Gard-ner's James B. Cassell. "In order to compete with what television is doing to people psychologically," he asserts, "we must come up with something better." Television, he explains, is forcing advertising agencies to promote beyond the two-dimensional approach. Yet the costs of television place it out of reach of many companies, and the mass character of its audience makes it inappropriate for others. An exhibit of tangible reality, which the audience can see, touch, hear, smell, and perhaps participate in. In most cases, too, through the exhibit, a company's representatives, a face-to-face relationship with visitors is proposed to be interested, as attested by their presence.

Cassell believes the exhibit of the future will take on even greater variety, like the Ralston Purina exhibit, which is mounted on a truck. Increasingly popular now are the long exhibits designed for local and national meetings, such as Zenith Corporation's show rooms for dealer meetings. The show rooms are literally small rooms, complete with furnishings, which can be set up inside hotel rooms to show products in home settings. Custom exhibits already are

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designed for durability and ease of shipment, with specially constructed packing cases, and move from show to show across the country, often for several years. Olson Designers, for example, handles a complete library of exhibits for the American Medical Association — some technical, for professional meetings, and others popular for use before lay groups, such as state and county fairs.

The exhibit industry also shows signs of expanding into several new areas of operation. A growing number of show rooms in Chicago's Merchandise Mart are being designed and built by exhibit houses. Point-of-purchase display is beginning to welcome the exhibit designer's approach, especially for durable goods, where the product will be on more or less permanent view in a dealer store or show room. Even the museums, long the exclusive province of their own staffs, are opening their halls to the commercial exhibit designer. At Chicago's Museum of Science and Industry over half the 32 industrially sponsored displays were built by Chicago exhibit houses. Industrial theater, too, the staging of shows for sales meetings or conventions, often is assigned to an exhibit firm.

To meet these new demands, the exhibit houses must have more designers, and designers with a new kind of specialization. Himmelfarb terms exhibit design "a perfect fusion of the graphic arts and architecture, requiring the knowledge and ability of the creative artist and architect together with a flare for commercial drama." He points out that today's exhibits have been influenced in their use of color by painters from Matisse to Mondrian; in texture by Jackson Pollack; in mobile forms by Calder; in shapes

by such sculptors as Archipenko, Brancusi; and in structure by architects like Mies van der Rohe.

To train and encourage design talent, the Chicago chapter of the Exhibit Producers and Designers Association has established a committee to work with area schools toward developing department exhibit design. "Currently, the committee chairman Charles Rocco, vice president of Thrift Savings, "we recruit from the industrial design schools, but it is not the precise combination of talent we need. Successful designers in our field are well paid and in demand."

## Growing Trade Deficit

(Continued from page 22)

included mostly aircraft for the armed services, single-engine freighter and reconnaissance aircraft being used in all U. S. military exploration fields.

Canada last year also exported more electrical power than the previous year, while more barley, oats and whisky were sold south of the border than the previous year.

In the first five months of this year Canada's exports of wood products and newsprint declined somewhat from the 1956 figures, but with agricultural and animal products. At the same time non-ferrous metals and products and non-ferrous minerals and products were in larger amounts to the United States.

Canada's imports from south of the international border cover most major commodity groups, with particular emphasis on iron and steel products last year. More iron and steel, pipes, tubes and fittings, rolling mill products and machinery were imported, as was Canada's industrial expansion program. Heavy construction by building for new factories, power plants, mines and other industrial developments is reflected in this increase in steel and iron product imports.

There were more cars and trucks imported last year also, despite record production by Canadian and truck manufacturers who are making in Canada the higher priced models. Substantial gains were shown in the imports of fruit and vegetables, now available frozen throughout Canada throughout the year.

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nd. Cotton products, bituminous, and certain chemicals were also on the list of increased imports, while raw cotton imports dropped. Canada's own increased production of oil in the western provinces is reflected in less imports from the United States last year of crude petroleum. Similarly Canada's decision to buy British turbo-prop aircraft for commercial airlines and less U. S. transport aircraft is reflected in a drop in aircraft imports. Canadian aircraft production for military purposes now takes care of most military aircraft, and has cut imports.

This year the first three months showed larger imports of almost all commodities except automobiles. In the same period in 1956 strikes in Canadian automobile plants had increased imports of similar U. S. cars while the Canadian factories were more in production.

### Report on Imports

In the Canadian government's detailed report on commodities imported from each country in the January-March 1957 period, Canada drew from the United States agricultural food products valued at \$130,877 (\$40,523,805 in the 1956 period), agricultural non-food products \$25,940,779 (\$25,986,521 in 1956), animals and animal products \$397,152 (\$19,806,515 in 1956), textiles and products \$61,972 (\$46,569,610 in 1956), wood products and paper \$52,623,845 (\$896,475 in 1956 period), iron and its products \$495,255,519 (\$460,355 in 1956), non-ferrous metals products \$87,889,300 (\$83,589, in 1956), non-metallic minerals \$702,574 (\$74,582,659 in 1956), chemicals and allied products \$64,297 (\$60,178,164 in 1956) and miscellaneous commodities \$92,245, (\$99,136,705 in 1956 period). Total in the first three months was \$31,260,350 as compared with \$1,474,149 in the 1956 period.

This wide range of commodity imports from the United States, from ranges to color television receivers, in toys to special heavy structural steel for bridges, gives an idea of the of the United States-Canada trade. It shows why Canadians are becoming somewhat worried that they have too many imports from the country. They feel that if more protectionist measures are put into

force in the United States an increasing number of Canadian exports to the United States will be affected and Canadians will be unable to buy all the commodities they are now buying south of the border. The greater the amount of Canada's trade with the United States, the greater will be Canada's reliance on American political and economic developments.

To diversify Canada's trade, efforts are being made not only to export Canadian products to a wider range of countries, but also to have Canadians buy more consumer as well

as heavy industrial products and raw materials from other countries than the United States. Some success in this direction is already apparent for the selection in consumer goods from European countries is increasing in Canada's major cities.

The major part in taking up the deficit in Canada's trade with the United States however, will have to come in the form of increased exports from Canada to the United States. This will likely be in larger quantities of raw materials from mines and forests, as well as in manufactured goods.

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# Who taught the blasé bachelor to rock 'n roll in Chicago?

Like most blasé bachelors, Homer Fizzleton cared a lot about ladies under 35 but very little about teen-agers.



he went out to lunch.

In other words, Homer wasn't hep.

Mr. Fizzleton was a soft drink bottler who sold all kinds of Fizz—fruit drinks, cola, root beer, ginger ale and club soda—to the thirsty Chicago market.

Which is a real cool business.

Because Chicago men, women and children consume in their homes an average of 89 bottles of soft drinks a year. (This doesn't count "on-premise" consumption, such as vending machines, soda fountains, etc.) And the Chicago market soaks up a yearly quota of 548 million 6 oz. bottles of soft drinks. Which is quite a quaffing quota.



And with only a modest advertising expenditure, Fizzleton's Fizz had walked off with third place in Chicago's great soft drink marathon.

But the question remained as to whether or not Fizzleton was capitalizing to the fullest extent on a great potential. And that's where our friend Joe

from the Chicago Tribune came in—with a detailed analysis of Chicago's soft drink market. To wit:

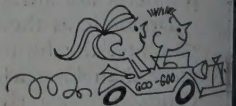
Fizzleton's Fizz, just like Mr. Fizzleton, rated particularly well with ladies under 35. But they are the ones most important to the soft drink business (Housewives under 35 account for only 36% of soft drink sales.) Soft drink volume is highest (53%) when the housewife is older, between 35 and 54, with teen-age children.



And apparently there's the clue to the whole soft drink situation.

According to research, the soft drink business is largely controlled by the teen-age set. In fact, 75% of Chicago's total soft drink business comes from families with children under 19. And that's where Fizzleton fizzled. His position was strong among childless families.

So Herman decided he'd better start to rock and roll (Joe supplied the teen-age audience) and Fizzleton's Fizz began to roll in Chicago.



Now maybe you sell hard candy or hardware instead of soft drinks, but if you want to sell more of it to teen-agers in Chicago, call on Joe. Nobody in Chicago like the Tribune. Nothing sells like the Tribune. And Joe's the joe to give you the facts to you.

## Chicago Tribune

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